

THE AGENTS KEY
to
FIRE INSURANCE

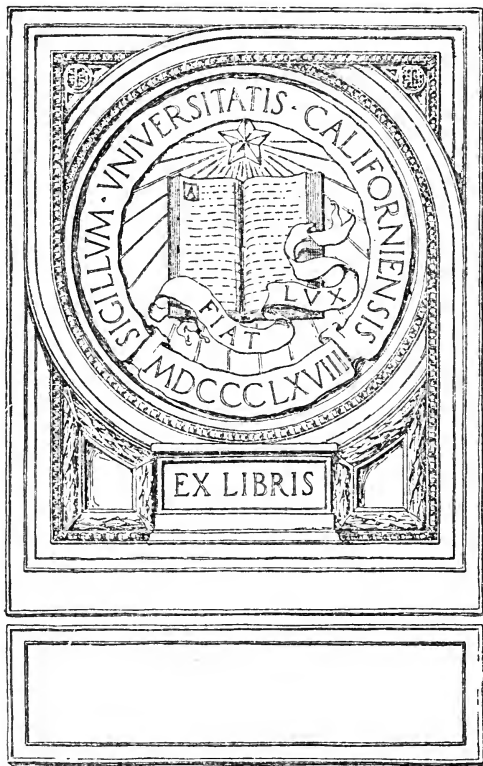
Robert P. Barbour

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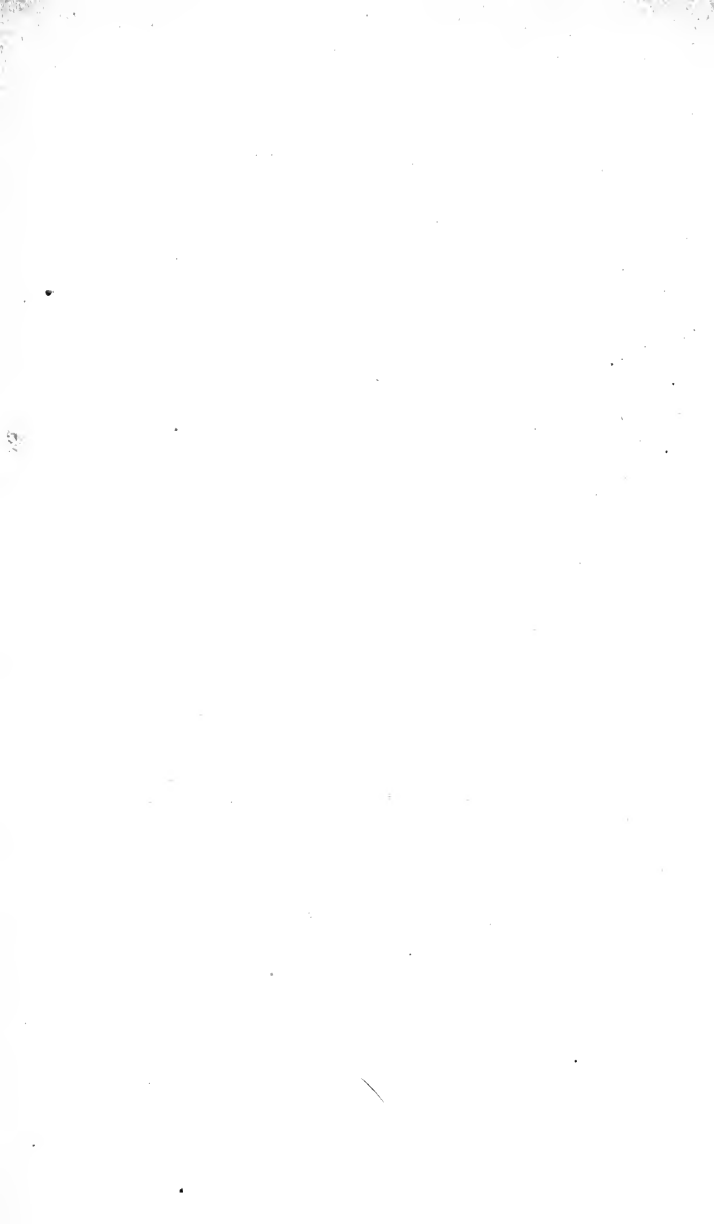


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THE SPECTATOR COMPANY



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THE AGENTS' KEY TO FIRE INSURANCE

CONCISE AND HELPFUL INFORMATION
FOR AGENTS, BROKERS AND FIELD MEN
REGARDING ESSENTIALS
OF THE BUSINESS

INCLUDES A COMPREHENSIVE
COLLECTION OF MODERN FORMS

By
ROBERT P. BARBOUR

Price, \$3.50

1922

THE SPECTATOR COMPANY

CHICAGO OFFICE
INSURANCE EXCHANGE

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PREFACE TO THIRD EDITION

The revision of the "Key" for its Third Edition introduces subjects not dealt with in previous editions. Many chapters have been rewritten and new information added; the latest and most modern forms included; all that it may be as complete, up-to-date and helpful as possible within the limits of its scope.

This book is designed to give in a simple and clear way, free from technicalities, information regarding those fire insurance principles, systems and practices with which the agent, broker and fieldman should be familiar in order to give the maximum of service to his clients.

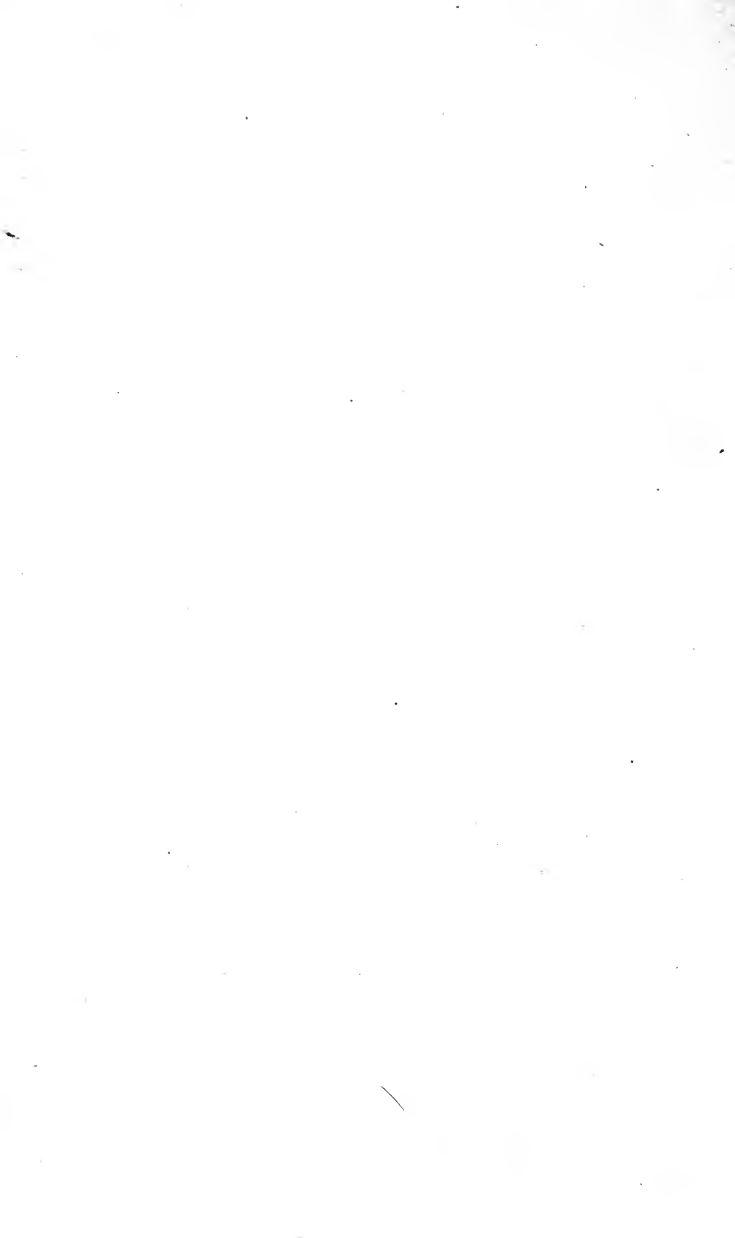
Since it is primarily intended as a practical aid to those coming directly in touch with the policyholder, particular attention is given to those subjects which experience shows are constantly arising in one form or another in the office and outside work of the agent and the broker.

These subjects cover a wide range and deal with agents' and brokers' relations with the company and the insured, the scope of their authority and responsibility, soliciting, office systems, policy writing, preparation of forms and clauses, explanation of the policy contract, the principal clauses used and the various covers written by fire insurance companies, cancellations, collection of premiums, adjustment of losses and many other subjects embraced in the field of their operations. It brings together in one volume information often difficult to find and much that is not obtainable in any other publication. That which is elemental is considered necessary in order that the treatment of each subject may not be incomplete.

Every effort has been made to represent the best judgment of those recognized as leaders in the business and grateful acknowledgment is rendered to friends who have contributed by suggestion, information or advice, in the preparation of this volume.

It should not be overlooked that the laws of the various states differ and care should be exercised that nothing herein shall lead to violation or disregard of the statutes of any particular state.

THE AUTHOR.



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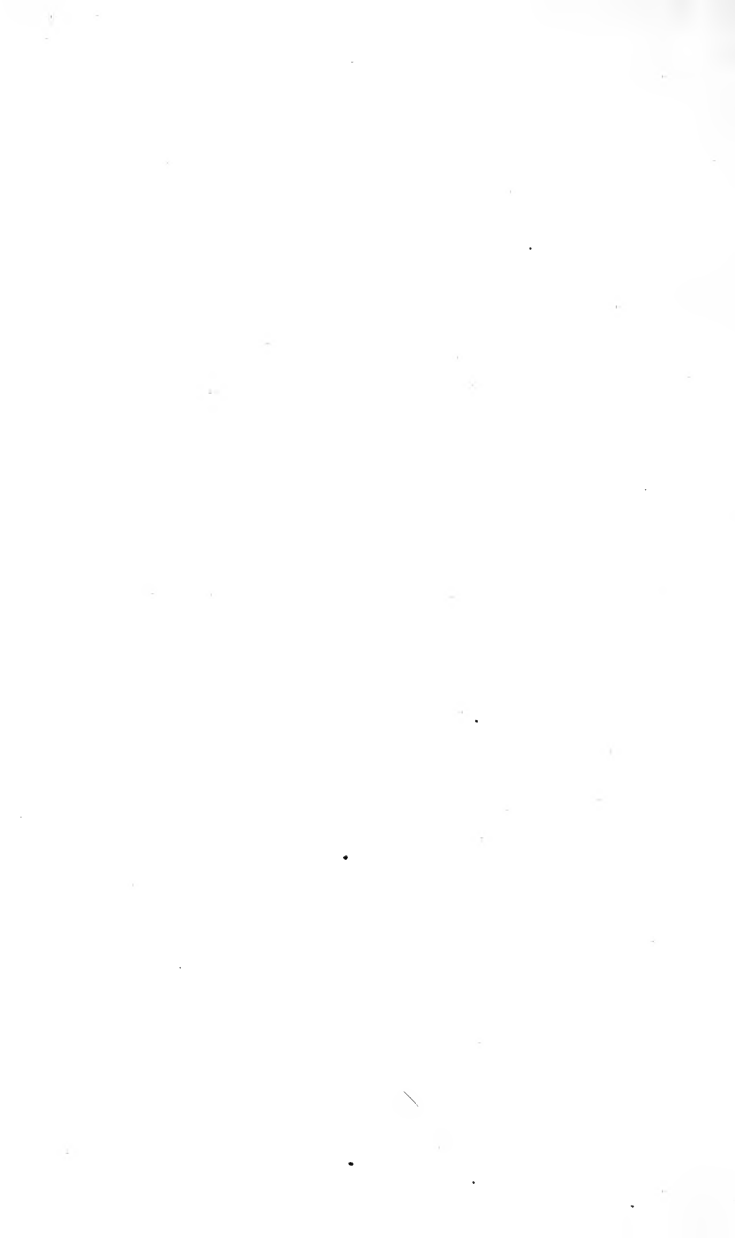
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The Agents Key to Fire Insurance

PART ONE



CHAPTER I

FIRE INSURANCE

ITS NATURE—BY WHOM FURNISHED—STOCK COMPANIES—MUTUALS—INTER-INSURANCE ASSOCIATIONS—LLOYDS—FACTORY INSURANCE ASSOCIATION—WESTERN FACTORY INSURANCE ASSOCIATION.

Fire insurance, as the term is commonly used, is an undertaking by the insurer, expressed in a contract known as the "policy", to indemnify those insured for monetary loss sustained through damage or destruction by fire of specified property. The organizations selling fire insurance depend upon the money paid therefor by the whole number insured to reimburse such of their number as suffer losses. Thus for a small and fixed premium one is insured against possible large and uncertain losses.

Hence, in its broader meaning, fire insurance may be defined as a system for distributing the cost of fires. The burden of reimbursing those who suffer losses from fire is borne by the entire body of those who insure. The money paid for fire insurance indemnity, namely the premium, is the contribution of the individual to the common fund from which losses are in turn disbursed. Each insured pays a rate that is fixed in accordance with the estimated risk of fire damaging his property, plus the necessary expenses and profit of the companies and associations that constitute the agencies through which this distribution is effected.

The fire insurance policy constitutes one of the most nearly universal contracts undertaken and it enters into practically all activities dealing with tangible property.

It is estimated that 60% of all realty in the United States is encumbered by mortgage, and as the mortgagee commonly demands the protection of fire insurance, the statement may well be made for that reason alone, if no other, that fire insurance touches every home, every trade, every business, every industry, and that upon it rests in large measure the vast system of credit,

without which commerce would be dwarfed and the wheels of industry find difficulty in moving. The merchant, the manufacturer, or the warehouseman, seeking credit from his bank to pay for goods purchased or stored, must insure to obtain a loan. All through our commercial life the seller on credit universally relies for a part of his security on the buyer's fire insurance protection. Like the banking system, the importance and useful purpose of fire insurance is universally conceded, and, since creditors rely on its protection, the necessity for stable and reliable indemnity is quite as vital to the home and business life of our country as sound banking or undebased currency.

The economic importance of fire insurance and the ability of the present system of indemnity to serve its purpose is illustrated again and again in the vast number of losses paid each year which would otherwise fall with crushing force upon the individual owners, the sums so paid in the year 1921 aggregating about \$446,160,000 in the United States alone. It is even more sharply illustrated in the case of conflagrations such as that of San Francisco, where the fire insurance companies paid approximately \$300,000,000 for property burned or otherwise destroyed. This great fire loss also shows that no city, nor even a State, could afford to take the risk of furnishing indemnity to its citizens; the distribution of the fire cost must be over a wider field and with a greater number of contributors in order to provide the necessary resources for times of stress.

While insurance companies serve this useful and necessary purpose they are in no sense benevolent institutions any more than banks are. They are formed and operated in the hope of making money, and if the capital invested in insurance companies yielded no return it would be withdrawn. Such companies are entitled to a reasonable underwriting profit, and much discussion as to what that should be has resulted in a fairly well defined sentiment that an average underwriting profit of 5% is one with which the companies as a whole should be satisfied, and to which the public whom they serve should not object. To average 5% there must be some years when the profit is greater, for there will inevitably be some when it is less; there are lean years and fat years; the fire fiend is no respecter of limits, trade profits, or surplus.

Such 5% profit, however, does not take into account the conflagrations which experience shows visit our country periodically and to build up a reserve to promptly pay losses sustained in such catastrophes it is generally considered that 3% additional profit is necessary. Some States have laws specifying that rates shall be reduced when stock fire insurance companies shall show, as a whole, an actual profit in excess of a reasonable amount over a period of 5 consecutive years. The justice of the normal profits outlined in the foregoing has been recognized by an agreement between representatives of the National Board of Fire Underwriters and the National Convention of Insurance Commissioners as follows:

1. The minimum "reasonable" underwriting profit is 5% of premiums earned plus 3% additional for conflagrations.
2. Five years is a minimum term upon which to base a calculation as to underwriting profits.
3. The difference between earned premiums and incurred losses, plus incurred expenses, represents underwriting profit or loss.
4. A conflagration is defined as property loss exceeding \$1,000,000.
5. In determining the underwriting experience in any given state the first \$1,000,000 of loss shall be charged to the particular state and the balance distributed among all the states (including the one in which it occurred) in proportion to the premium income of each.
6. That no part of the so-called "banking" profit shall be included in the underwriting profit.

What panics are to banks, conflagrations are to fire insurance companies, and such institutions must husband their resources and vitality to stand the strain when it comes. To the individual every fire is a conflagration, therefore his interest in securing sound indemnity is vital, and the first duty of the agent or broker is to make certain that the insurance he places for his client shall be in companies that are financially sound and in good repute.

CLASSES OF COMPANIES

Fire insurance indemnity in the United States is furnished by three general classes of insurers, (1) Stock Companies,

(2) Mutual Companies, Reciprocal and Inter-insurance Associations, (3) Lloyds Groups or Associations.

Stock Companies. These may be classed as of two kinds.

While each state terms all companies "foreign" that are not domiciled in and organized under its own laws, it is the common practice to term all companies "domestic" that are organized under the laws of any one of the 48 States, and "foreign" all those organized in some other country.

At the beginning of 1922 there were about 290 domestic stock fire insurance companies, 430 Mutuals (not including over 2,000 small farm associations) and 91 foreign companies, (not counting those non-admitted) transacting a fire insurance business within the United States.

The requirements of the various States relating to capital, deposits, investments, etc., differ to a considerable extent, but those of New York State will serve as illustrations.

Domestic stock companies chartered—or admitted—to conduct the fire insurance business in the State of New York must have a capital, fully paid, of not less than \$200,000 and not less than \$400,000 to transact both fire and marine business. Foreign companies must maintain on deposit with the Superintendent of Insurance in approved securities an amount not less than the minimum capital required of domestic companies to transact a like business, and must also execute a trust deed and place in the hands of trustees approved by the Insurance Department the sum of \$300,000 in cash or approved securities to do a fire business only or \$400,000 to do both fire and marine business. Both domestic and foreign companies must set aside a certain portion of all premiums as a reserve fund, and must have at all times net assets equal to or exceeding the amount of said reserve and all other liabilities. This is called the unearned premium reserve and is estimated to be sufficient to reinsure or carry to maturity all its outstanding liability. Therefore, the measure of a company's strength is not its capital so much as its surplus, and the proportion this bears to the amount of business it is writing. All admitted resources, other than premiums or other items in course of collection, must be in cash, or on deposit in banks, or invested in properties or securities approved by the Superintendent of

Insurance, which are designated by law as follows: Bonds of the United States or any political division thereof, or collateral loans on the pledges of such securities, or bonds and mortgages on improved, unincumbered real property worth fifty per centum more than the amount loaned thereon; stocks, bonds, and other evidences of indebtedness of any solvent institution incorporated under the laws of the United States or of any State thereof. Foreign companies may invest (to the extent of the minimum deposit capital required) in securities of their own country, if American companies are reciprocally privileged in the countries of such foreign companies' origin. All of these requirements are intended to secure for the policyholder the safety of his indemnify. Policies of insurance issued by such companies are written for a stated premium, are non-assessable and do not participate in the earnings.

Such companies may write the following classes of insurance (1922):

Classes of Insurance	<p>“Against loss or damage, including loss of use or occupancy, by fire, lightning, windstorm, tornado, cyclone, earthquake, hail, frost or snow, weather or climatic conditions, including excess or deficiency of moisture, flood, rain or drought, rising of the waters of the ocean or its tributaries, bombardment or invasion, insurrection, riot, civil war or commotion, military or usurped power, and by explosion whether fire ensues or not (except damage to steam boilers and similar apparatus caused by inherent explosion), also against loss or damage by insects or disease to farm crops or products and loss of rental value of land used in producing such crops or products and also against loss or damage by water or other fluid to any goods or premises arising from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires, or of other conduits or containers or by water entering through leaks or openings in buildings and of water pipes, and against accidental injury to such sprinklers, pumps, apparatus, conduits, containers or water pipes and upon vessels, boats, cargoes, goods, merchandise, freights, and other property against loss or damage by all or any of the risks of lake, river, canal and inland navigation and transportation,” and all forms of marine cover, “insurances upon automobiles and airplanes, seaplanes,</p>
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dirigibles or other aircraft, whether stationary or being operated under their own power, which shall include all or any of the hazards of fire, explosion, transportation, collision, loss by legal liability for damage to property resulting from the maintenance and use of automobiles and airplanes, seaplanes, dirigibles or other aircraft, and loss by burglary or theft, vandalism or malicious mischief, or the wrongful conversion, disposal or concealment of automobiles, whether held under conditional sale contract or subject to chattel mortgages or any one or more of such hazards but shall not include insurance against loss by reason of bodily injury to the person."

Underwriters Agencies. These are organizations backed by one or more stock companies and operate the same as the parent institution. They serve the purpose of feeders, enabling the parent company to obtain agents who would otherwise not be available.

Mutual Companies, Reciprocals and Inter-Insurance Associations. Such organizations are of four general classes which, for convenience, may be denominated (1) Deposit Premium Mutuals, (2) Ordinary Premium Mutuals, (3) Inter-insurance Associations, and (4) Reciprocals.

Deposit Premium Mutuals. Policies in such organizations are usually issued for a comparatively large premium estimated to be in excess of that necessary to cover normal losses and expenses. A portion of such premium at the end of a stated period is returned to the policyholder in the shape of dividends, thus making the cost of this form of insurance the difference between the deposit premium (plus loss of interest thereon) and the dividend. Policies of this character are assessable in case the losses and expenses exceed the receipts, although as a rule no assessments are necessary because of the large deposit premium advanced.

Ordinary Premium Mutuals. Policies in such organizations are usually issued for a cash premium, based either on stock company rates or on some percentage thereof, which are estimated to be sufficient to pay all losses and expenses. Some such companies return in the form of dividends, or credits on renewal policies, any excess of income over outgo; others place the excess in a surplus fund. Quite frequently agency plants are maintained, commissions paid for business secured, and operations conducted in much the same manner

as by the stock companies. Policyholders are assessable for losses and expenses in excess of income. Some States are now requiring companies of this type to set aside a portion of the premiums as a reserve fund. The same remarks regarding liability of policyholders apply to this form of indemnity as to that of Inter-insurance Associations.

Inter-insurance Associations. These are operated under various plans; some, such as the small farm associations, have practically no expense, and issue policies for a nominal fee, levying assessments on the policyholders to pay such losses and incidental expenses as may occur. Some issue policies for a small cash premium designed to cover expenses and trifling losses, and in addition require premium notes on which payments are demanded to cover losses and expenses occurring in excess of those covered by the cash premiums. Others operate in a similar way without requiring premium notes, merely levying assessments as necessary.

Companies of this type are not usually required to have any capital, surplus or reserve fund. The indemnity offered thereby depends necessarily on the solvency

Policyholders' Liability of the various policyholders and as each one is usually liable for all debts of the association, policies therein not only constitute self insurance, but also, in effect, make the holder the endorser of each other policyholder's ability to pay such assessments as may be levied. In effect, the acceptance of a policy is like endorsing a note of unknown parties, for an unknown amount, payable on demand. In some States it has been held that trustees or agents of others may not accept fire insurance policies that are assessable, on the theory that they have no right to bind their principals to a transaction that will make them liable to unknown persons for unknown debts of unlimited amounts.

Reciprocals. These are sometimes called inter-insurance exchanges and while mutual in their character are unincorporated and, in this respect, differ from the so-called "mutuals." They also differ from "Lloyds," in that the latter do business with the public; whereas these "exchanges" grant insurance only to their subscribers, each of whom is thus both insurer and insured. Usually these organizations are operated by an attorney-in-fact, who, in such capacity, acts as the agent of each of the subscribers and has power to bind them as insurance carriers within the

limit of his authority as fixed by the power of attorney from the subscriber to him. In these organizations each subscriber assumes a proportionate amount of the liability issued and bears his share of the losses and expenses, being liable pro rata for assessment if the funds in the hands of the attorney-in-fact are insufficient. Some American courts have held organizations of this kind to be, in effect, copartnerships. By statutory provision or in accordance with the powers of attorney, service made upon the attorney-in-fact is in most States equivalent to service on each one of the subscribers, no matter if non-resident. Except that each subscriber is liable only for his pro rata share of losses and expenses the remarks regarding policyholders' liability apply to reciprocals.

Non-Assessable Mutuals. There are a few companies which, while mutual in form, do business on the cash plan, issue only non-assessable policies, and operate generally in the same manner as do stock companies. Policies in such companies are, as a rule, protected by the assets only, since there is no assessable liability.

Lloyds Groups or Associations. These are organizations of individuals known as subscribers or underwriters, each usually assuming liability for a given proportion of each policy issued. In some cases the liability is limited and in others unlimited. The policies are issued for a cash premium and are not assessable.

Two features may be stated in connection with this form of insurance which are worthy of consideration:—First, the difficulty of knowing the financial strength of each subscriber or underwriter; second, if a loss occurs and suit to recover becomes necessary, each individual subscriber or underwriter must be sued for his share of the loss, thus entailing much trouble and expense.

Senior Mutuals. This is the name commonly used to designate a group of Mutual companies associated together for the purpose of writing insurance on high grade properties equipped with automatic sprinklers. They make their own standards of construction and protection, issue policy contracts under separate forms, and operate independently in every way, subject to such regulations as may be imposed upon them in those States which they enter.

Policyholders are required to pay a deposit premium, which is usually much in excess of that produced by stock company rates, and dividends to policyholders are declared out of earnings. These dividends vary with the different companies forming the group, and as an average reduce the cost of insurance to a low figure. These companies depend on careful selection, rigid standards and excellent inspection service to produce a low fire cost, and have been very successful in operation.

Policies in the Senior Mutuals are assessable and the cost of such insurance can never be definitely known in advance. In determining the premium cost to the policyholder interest on the deposit premium advanced must be taken into account. The Senior Mutuals deal directly with the insured and pay no commission to agents or brokers.

Junior Mutuals. This is a group of Mutual companies similar to the Senior Mutuals in operation, but with somewhat less rigid standards of selection, construction, protection and inspection, and with a less favorable loss and dividend-paying record.

CHAPTER II

THE AGENT

HIS AUTHORITY—LIMITATIONS—WAIVERS — RESPONSIBILITY — HIS WORK — SOLICITATION—MIDDLEMAN—
—DUTY TO CLIENT—DUTY TO COMPANY—AGENT'S
OWN PROPERTY—RE-INSURANCE BY AGENT.

The great bulk of fire insurance in the United States is written by and through local agents in the various cities and towns, of whom there are estimated to be **Authority** 150,000, each agent representing one or more companies, and this method of transacting the business has become known as the American Agency System. In many other countries the insured deals direct with the company, and while that is the practice here to some extent, the volume of business so transacted is negligible in proportion to the whole. A very considerable percentage of business is done through brokers (see Brokers).

The local agent is authorized to represent the company in his city or town and vicinity; to issue and countersign its policies and collect the premiums therefor, and in general to act locally for the company in all matters pertaining to the acceptance or declination of lines of insurance, and the issuance or cancellation of binders and of policy contracts covering the various classes of insurable property. Customarily he does not adjust losses except when requested or authorized by the company to do so.

Almost every one of the 48 States require that an agent shall be licensed as such by the State as well as authorized by the company before he can transact a fire insurance business, and many States attempt to enforce laws or rulings which require an agent to possess certain qualifications before he can be licensed. In general these are that he be trustworthy and competent, be regularly in the fire insurance business, and able to show at least elementary knowledge of the policy contract and the various clauses and riders that may be attached thereto.

The powers conferred are broad within their field and such limitations as are placed thereon are usually conveyed in a letter of instructions sent at the time of appointment, covering the general subjects of line limits, prohibited risks, etc., and supplemented from time to time by more specific advices from the company or its general, State or special agents. The company is bound by any act of the agent, within the scope of his general authority as its local representative, regardless of these limitations unless they are known to the policyholder, but as between the agent and the company a violation of such limitations renders the agent personally liable to the company for resulting damages. To illustrate, suppose the agent is instructed not to exceed a line of \$5,000 on any one risk and he issues a policy for \$7,500. If the company accepts the over-line then the agent is relieved of liability. But suppose the property to burn before there has been opportunity to accept or decline it: In that case the company must pay the \$7,500 loss, but it has a legal claim on the agent for the \$2,500 in excess of the limitation fixed in its instructions.

Although the policy contains a provision that no agent shall have power to waive any provision or condition thereof, nor grant any privilege or permission affecting the insurance, unless written upon or attached to the policy, the courts have almost uniformly held that an oral agreement between insured and agent may waive any provision or condition of the policy, and, similarly, may give permission for something that would otherwise void the policy (see Waiver and Estoppel by Agent). The companies have very rarely held the agent personally liable for such oral waivers, but if the agent were to waive something which ran counter to his instructions he could undoubtedly be held personally liable for damages resulting because of his act.

It will be seen, therefore, that while the agent's authority is very broad, it entails a large measure of responsibility, not only for the company's welfare but also for his own pocket. The confidence reposed by the company in its agent extends far beyond the writing of policies and remitting premiums, for in addition to the foregoing the selection of business is to a large extent in his hands, and upon his knowledge of men and conditions, and his good judgment, depend in great measure

the profit to the company which is the desideratum for his continuance as agent. While physical conditions are to a considerable extent cared for by rates and by inspection at the hands of field men and inspection bureaus, the companies depend in great measure on the local agent as regards the moral hazard. He has avenues of information about men and conditions in his own town and vicinity that are not open to the company or its supervising representatives and the local agent is the only one in many cases who is in position to determine those worthy of confidence.

The first and most important work of the local agent is the solicitation and obtaining of business. Just how this is to be accomplished rests largely with the individual,
His Work but there are a few general suggestions which may prove helpful.

First of all, the agent should understand what he is selling and should, therefore, familiarize himself with the conditions of the policy contract and of the clauses in
Solicitation common use, and be able to explain them clearly and simply. Almost all insurance business is obtained by personal solicitation—very little comes in any other way. Advertising and letter writing are good merely to supplement personal work. Usually the new agent begins by soliciting the smaller business, such as dwellings, household furniture, mercantile buildings and stocks, churches, schools, public buildings and the smaller special hazards. Such risks, so far as numbers go, compose the great bulk of the insurance business and can usually be obtained more easily than the larger risks. Indeed, they constitute the backbone of most agencies and once obtained are more readily held and renewed, year after year, than the larger business for which, risk by risk, there is naturally greater competition. It is a common saying that an agency controlling a large volume of small business is more of an asset than one where a few large risks make up the bulk of the premiums.

There are no set rules for soliciting, but the following suggestions are merely setting down a portion of the work which a trained solicitor does:

Take advantage of any occurrence which may bring about the necessity for new or additional fire insurance, such as the
Possibilities erection of new structures, the remodeling of a building or the enlargement of a plant. A man about to marry may desire household furniture insurance; merchants often require additional insurance dur-

ing Christmas and Easter seasons; those using cold storage plants require insurance on contents almost daily during the busy season; and so the list may be continued.

Learn the rates of premium applying on any property before soliciting insurance thereon and if possible make up the form of cover that will be used. If the risk is specifically rated, get a copy of the "make-up" of the rate and see if any charges can be removed by improvements or corrections, thus bringing the rate down; if not rated under schedule, go over the property carefully with a copy of the schedule that will be used in making a rate and see if its application will produce a lower rate than the one applying on the risk. The rate is largely what counts in obtaining business; money talks, and a reduction in rate is a better solicitor than friendship or pull. Examine the forms under which insurance is placed and see if they can be changed to advantage; ascertain whether the insured is properly covered and all necessary clauses and permits are on each policy and whether the insurance is all concurrent; if property is rated under co-insurance conditions and insured at flat rates, talk coinsurance rates, and if at 80% coinsurance rates, see if the reduction for the use of 100% clause will prove attractive. Always make a note of the expiration of existing insurance and keep it tabulated so you can solicit the lines a month or so before they expire.

Cultivate architects and builders who may give valuable pointers; loaning institutions, lawyers and real estate men often place insurance and may be made valuable clients; there are many avenues for obtaining insurance besides the direct solicitation of the owner. If no fire insurance is wanted, try for a tornado or hail policy, or one on rents, or use and occupancy. Perhaps the key-note of success in soliciting is preparedness, that is, the submission of a concrete proposition to insure, giving the form of cover and the cost: Nothing else will so quickly give the impression to the insured that the agent knows his business and is thorough, reliable and able to give helpful service, not only in arranging for insurance under adequate forms at the lowest rates obtainable from reputable companies, but also in sound advice and assistance in case a loss occurs. A reputation for intelligent and reliable service once established is a most valuable asset.

The local agent acts as a middleman between the company on the one hand and the insured on the other and in turn is the representative of each. The query is often propounded: "Is the local agent's first obligation to his client or his company?" Why to one more than the other? His obligation is to his client in the things he is doing for his client and to the company in the things he is doing for it. Thus his work and duties are naturally divided into two branches:—

To coordinate information of all kinds respecting the property to be covered; to draw policy forms and examine policies written, to see that they give adequate coverage and the necessary and desirable privileges and are free from non-concurrence; to dissect insurance rates, advise regarding improvements, and secure the lowest rates obtainable from reputable companies for the kind of indemnity required; to assist the insured in case of loss and to advise with him on all insurance matters.

To report promptly all business binding or written, with all necessary and material information; to learn and follow the underwriting practices of each company represented; to comply with general or specific instructions and particularly to cancel policies promptly when requested; to answer correspondence within reasonable time; to collect premiums and remit balances within the time agreed upon; to report losses as soon as possible after the fire, with information as to the property covered and the estimated amount of loss thereon, the cause of fire and all material information obtainable: In short, to act truly as the local representative of the company, responsible for the conduct of its affairs. The reputation of a company in a given locality is to a large degree that of its local agent.

An agent cannot make a valid contract with himself, hence, if he desires to insure his own property the assent of his company should be obtained to make such transaction binding. This may be done by an exchange of letters, or by sending a policy, duly made out, for approval or countersigning by an official of the Company.

An agent cannot legally bind or issue the policy of one of his companies as reinsurance of another company which he also represents, for the reason that the agent cannot act in matters of discretion for the two parties in the same transaction.

**Reinsurance
by Agent**

The New York Court of Appeals, in *Empire State Insurance Co. vs. American Central Insurance Co.*, states this principle of law as follows, in part:—"The same person may sometimes act as agent for the two parties in the same transaction, but he can do so only in case he has no discretion to exercise for either party." Where he is vested with discretion, as an insurance agent is, and acts for both companies, he occupies "an antagonistic position, and there would be a conflict of interests. Contracts thus negotiated are void at the option of any non-assenting party thereto. It matters not that the agent has acted fairly and honestly, and that neither party to the contract has suffered injury."

The agent may have an understanding with his companies whereby each agrees in advance to ratify reinsurance of—or by—any other of his companies, but otherwise each such reinsurance must be duly ratified to make it valid.

Sometimes when an agency is terminated the certificate of authority issued to such agency by the company cannot be found. In such case it is customary to have executed a certificate of which the following is an illustration:

"Certificate of Loss of Agency Commission

"Agency at.....19

"This is to certify that the Commission issued by
.....Insurance Company to.....
.....as its Agent
for.....and vicinity
has been lost or destroyed and cannot be produced, and
that we hereby release the said Insurance Company from
all liability under said Commission, which we acknowledge
to be no longer of any force or effect, and we agree to
return it to the Company should it be found.

.....
Agent."

CHAPTER III

THE BROKER

LOCAL—GENERAL—SOLICITORS.

The fire insurance broker as such does not represent any company and is considered to be the representative and agent of the insured, though it has been held in some courts that he is the agent of the company in so far as the collection of the premium is concerned. The broker is a free-lance in soliciting and in placing business, being confined neither to any given territory in obtaining business nor to any given company in placing his business. Brokers may be divided into two classes, local and general.

Local Brokers. The local broker confines his soliciting mostly to his own town and vicinity, and many cities have brokers of this type who are much the same as solicitors, except that they do not place all their business through one agency.

General Brokers. The general broker does not confine himself to any one locality but seeks business wherever he can, especially the accounts of large concerns, and is the type of broker to which the remarks that follow chiefly apply. He frequently deals direct with the company at its head or branch offices, in which case the application for the business there bound is usually sent to the local agent where the property covered is situated, for him to issue a policy in accordance with local rates and rules, the policy being returned to the company for delivery to the broker and the collection of the premium. The commission paid the broker, usually termed the brokerage, is less than the agent's commission, and the agent receives what is termed an overriding (sometimes called overwriting) commission for issuing the policy and giving the company information about the risk covered.

The broker occupies a useful and necessary place, particularly in financial centres where large concerns have their headquarters. Such concerns frequently have property in many localities and States, with separate rating organizations, differing rules in regard to forms and clauses, and the privileges that may be granted, so that if such concerns were to attempt to handle their fire business through the local agents in the places where their various properties are situated, it would often be necessary to employ the services of an expert to look after that work alone. The broker's service eliminates this necessity and consequent expense, and in addition furnishes a similarity of forms and cover, and a coordination of all insurance, that would be difficult to obtain when dealing with many agents instead of one broker. Then, too, the local agent is often unknown to the headquarters officials; business would necessarily be transacted largely by correspondence; whereas, if something arises of an unusual nature or requiring the services of an expert, the broker is available on short notice for a personal interview. Another important thing is that frequently additional insurance is needed, or a privilege is necessary, or some change occurs which renders the insurance void unless endorsed. It would sometimes be impossible to have this bound at once when dealing through local agents in several distant States, but the broker can usually protect his client by securing binders within an hour or two of receiving the order.

On the other hand, it may be pointed out that there are certain advantages in dealing with the local agent where it is possible, for he often is influential in local matters and can aid in securing for his client from the local authorities those privileges and accommodations that are frequently needed by a large concern. The business enterprise which consistently endeavors to win local sentiment and friendliness is apt to have, thereby, greater success in handling its labor problems and its necessities for municipal service; it has a powerful advocate in the local agent, who is usually a representative man in his locality. Recognizing this fact, the insured, though he feels it necessary to have the services of a broker, frequently directs that the insurance shall be placed through certain designated local agents and the commissions divided.

Service of Broker

Agent vs. Broker

For business that is controlled where it is located, the local man should be in position to give equal or better service than an outsider; but the local agent, if he is to give such service, needs to have the same familiarity as the broker with rates, schedules, rules and forms, and maintain the same equipment for handling all questions that may arise. If he is so equipped, he has then the advantage which always lies with the man on the ground.

Solicitors. The solicitor usually is connected with an agent or broker and is compensated either by salary or commission. In either case the business he obtains is usually handled by his principal, except for the delivery of the policy and the collection of the premium.

CHAPTER IV

INSURANCE ORGANIZATIONS (AGENTS AND STOCK COMPANIES)

CO-OPERATION EFFORTS—ENGINEERING—TECHNICAL—
UNDERWRITING—RATING—INSPECTING—ADJUSTING—
SOCIAL—EDUCATIONAL.

In a business so extensive as fire insurance, it is natural that there should be many organizations and associations with various objects in view and these are briefly reviewed.

National Association of Local Agents. Local agents maintain this organization and in most States a State Association with the object of exchanging information of mutual interest, keeping watch on the legislation introduced, securing uniformity of practice in those things susceptible to such treatment and for such other objects as may promote their mutual welfare. It was through the efforts of the National and State Associations that the uniform monthly account and the uniform daily report blank have been adopted; also an agreement on the part of most companies not to write "overhead"—that is not to write business in a given territory except through the local agent commissioned therefor.

Insurance Federations. Agents are also largely interested in the Insurance Federation of America which numbers in its ranks both fire and casualty insurance agents and many fire and casualty companies. There are also many State Federations with similar membership. The object of the Insurance Federation is to promote healthy conditions in insurance in each of the States and to oppose legislation inimical to the interests of its membership, particularly that which contemplates that the State itself sell or otherwise provide indemnity for loss.

Local Boards. In many of the cities, towns and counties local agents representing stock fire insurance companies maintain local Boards a few of which have rate making powers and are supported by assessments on premiums written. Most of such Boards are maintained by the agents

themselves for the purpose of establishing local practices, such as the amount of brokerage payable and various other agreements intended for the benefit of the members.

National Board of Fire Underwriters. Of the several organizations maintained by stock fire insurance companies this is one of the most important in character of work and universality of membership, which **General Character** comprises nearly all the stock fire insurance companies transacting any considerable amount of business. It has no supervision over rates, commissions or agents, nor any direct authority over the business in general, but confines its activities in an advisory capacity to legal, technical, engineering and statistical features of the fire insurance business.

It promulgates standards for public and private fire department organizations, for the protection of buildings and their parts from fire and for the installation **Building and Protection Standards** of machinery whose operation has inherent or incidental fire hazard. It also promulgates and endeavors to secure the adoption of improved building codes and of ordinances designed for the greater safety from fire hazard. Its work inures to the benefit of the public as well as to insurance companies because of its active and intelligent efforts towards fire prevention.

Its engineering department makes surveys of American cities to determine the character of the fire hazard as a whole and of the protection available, consulting with the city authorities in all matters **Engineering Reports** relating thereto. Its reports go into a great deal of detail covering water supply, fire department, fire alarm, building and structural conditions and important occupancies.

For immediate use in case of a conflagration, it maintains an equipment consisting of a detailed working method for handling losses on a large scale and a cabinet **Losses and Arbitration** containing all the cards, indexes, folders and other blanks necessary for the organization of a central office and a general loss committee. It also stands ready through its committee on adjustments to act as arbitrator in case of dispute among companies regarding their liability as reinsurers, or in apportionments of non-concurrent insurance.

Arson

It also maintains an Arson Bureau whose activities are directed against incendiaries.

Through its committee on laws and its general counsel, it keeps in touch with the constantly changing statutes and the great amount of proposed legislation in the various States and endeavors to interpret the State laws and the rulings and regulations of the various insurance departments to its membership.

Laws

In 1917 the National Board adopted a standard classification of 454 classes, which were later condensed to 151, and formed the Actuarial Bureau which contains in its membership most of the stock companies and many of the mutual companies operating in the United States. This Bureau tabulates all of the writings, premiums and losses of the members, each of whom furnishes it annually with the amount of liability written and the premium received on each class in each State of the United States and a report regarding each loss that occurs. A further feature of the Bureau is the special recording of each loss that is reported to have been fraudulent or of incendiary origin.

**Actuarial
Bureau**

Underwriters' Laboratories, Incorporated. This was established in 1893 by the stock fire insurance companies. Its main office and laboratory is in Chicago and is said to be one of the few standard fireproof buildings in the world. In this plant careful and exacting tests are made of various materials and devices directly or indirectly associated with building construction and equipment, fire protection, prevention and extinction. If found to fulfill the standard requirements of the Underwriters Laboratories it issues a formal approval of the device or material, which then becomes accepted and approved by all the underwriting organizations where recognition is called for by rating schedules or other rules.

Among the things so tested are sprinkler heads, gasoline and acetylene lighting systems, fire extinguishers, hose, pumps and many other articles whose use and operation have to do with fire hazards or prevention. The organization is now supported almost entirely by fees received from manufacturers whose devices and inventions are tested, business men having found that the approval of the Labora-

tories is of sufficient value for selling purposes to warrant the moderate costs involved.

In practice it has been found that mere formal approval of an article submitted is not sufficient for the needs of manufacturers, the public and others, since the goods when placed on the market may not be up to standard. Therefore, a label service is maintained by which, under certain specified conditions of inspection and supervision, manufacturers are authorized for a small fee to attach the Underwriters' label to their goods, this carrying with it in effect the warranty by the Laboratories that the article is up to the required standard. Final action on the merit or demerit of a given article submitted for test by the Laboratories is taken upon the authority of an advisory council, of which one member is a representative of the Bureau of Standards of the United States Government, which acts as a court of last resort in case a decision is questioned.

National Fire Protection Association. This is an organization numbering in its membership both stock and mutual fire insurance companies and more than one hundred national associations and business organizations covering nearly the entire field of commercial activity. Its objects are to promote and improve fire protection and prevention methods, draft standards for construction of buildings, for the manufacture and installation of machinery and equipment and for all the various kinds of protective and fire fighting apparatus and devices. This organization initiates many of the standards later adopted by the National Board of Fire Underwriters and other organizations.

The Eastern Union. This is a voluntary association of stock fire insurance companies having for its purpose, where lawfully permitted, the securing of uniformity in methods of rate making, forms of policies, compensation to agents and the conserving of good practices in general. The membership comprises over one hundred companies which write about 75% of the total amount of agency fire premiums in the New England, Middle and such of the Southern States as are embraced in its field of operations.

Western Union and Western Insurance Bureau. These two organizations have functions in the Central and Western States similar to those of the Eastern Union.

The Rocky Mountain and Pacific States also have associations which regulate commissions and make rates where they are not in the hands of independent rating bureaus.

UNDERWRITING ASSOCIATIONS

There are a number of associations having a stock company membership which underwrite for their members certain specified classes of business and maintain their own offices and salaried employees. The members share in the business equally up to an agreed maximum, or upon a fixed percentage of all lines written, and likewise in the expenses and losses sustained. Such associations include the following:

Factory Insurance Association. This is a group of stock fire insurance companies associated together under one management, with its office in Hartford, Conn., for the purpose of competing with the Senior and Junior Mutuals on the same class of business written, namely, high grade sprinklered risks.

The F. I. A. carefully selects its risks, imposes standards of construction and protection that compare with those of the Mutuals, but as a rule are less onerous for the insured, and give an excellent inspection service that is one of the most valuable features of its work and a great advantage to the insured as an aid in preserving property from destruction by fire.

Method of Operation

This association issues policies on the standard form prescribed by the State where the property insured is located, and adjusts its own losses. Its rates of premium are about the same as the net cost of insurance in the Mutuals. It deals with the insured through the medium of such agent or broker as the insured may designate and pays a commission on the premiums of all policies issued, either new or renewals. Protection may be obtained against loss by fire, by sprinkler leakage and by tornado, and in some cases against loss of Use and Occupancy.

The advantage of dealing through the Factory Insurance Association is that policies are in the standard form and, therefore, non-assessable. The premium cost is known in advance and is about the same net cost as for insurance in

the Mutuals, and does not depend on dividends; in other words, is not affected if the fire cost in any one year is excessive.

Western Factory Insurance Association; Western Sprinklered Risk Association; Underwriters' Service Association.

These three organizations have their headquarters in Chicago, operate in the Central and Western States and are similar in organization, purpose and method of operation to the F. I. A. The last named is authorized to write other classes of business, but has not done so to any large extent.

Cotton Insurance Association. Cotton is the most important product in the Southern States and the class calls for such specialized underwriting that in 1905 a number of the companies formed the Cotton Insurance Association, which writes cotton in storage, in compresses, in transit, etc., for its members. It is able to give cover and service to large cotton factors that it would not be possible for any one company to give if it handled the business independently.

Cotton Fire & Marine Association. This was organized in 1919 for a similar purpose as the C. I. A., the two being competing organizations.

Underwriters' Grain Association. This organization was formed during the war, when companies were called upon to furnish very large amounts of insurance on grain in elevators and were asked to do everything in their power to reduce fire hazards and increase the protection in terminal elevators, in order that the great quantities of very necessary foodstuffs should be preserved from destruction. Inspection and supervision of elevators by this organization and the convenience found by grain handlers in dealing with one source regarding insurance matters has had the effect of continuing the Association in existence. Agents and brokers are paid a commission on such business as they place through the U. G. A.

Oil Insurance Association. This organization was formed in 1918 for the purpose of handling certain oil business for the companies which it represents as an underwriting and reinsurance medium. Its headquarters are in Chicago in charge of a salaried manager. Its work involves the inspection, supervision and underwriting of oil refineries and tank storage of crude and refined oil and its products, espe-

cially in certain of the southwestern states. It deals through agents and brokers with the various oil interests and arranges for the issuance of one policy covering an entire schedule in one of the companies for which it acts, placing the necessary reinsurance with the other companies represented. Any policies written are always in the standard form prescribed in the state where property insured is located and issued through the accredited local agent of the company whose policy is placed in the hands of the insured. It uses the standard forms and the rates that are made by the recognized rating bodies, paying a commission to agents on all policies issued whether new or renewals. Protection may be obtained against loss by fire, lightning and tornado, including use and occupancy cover.

Railroad Syndicates. Steam railroad properties have been written for many years by syndicates or groups of fire insurance companies, one in the east and one in the west, being handled on much the same plan as the Oil Insurance Association.

VARIOUS OTHER ORGANIZATIONS

There are a number of organizations either operated in connection with rate making bodies, or independently, which have certain definite functions to perform that have a useful purpose in the fire underwriting world.

Central Traction & Lighting Bureau. This is an organization of stock companies which is not a rate making or underwriting body, but has for its functions the recommending of rating schedules and standards of construction and protection for street railway properties and electric light and power plants.

Inspection Bureaus. There are three inspection bureaus maintained by stock companies in the New England and Middle States, one in Texas and one on the Pacific Coast. These Bureaus make periodical inspections of sprinklered and unsprinklered special hazards in their various fields and furnish surveys, diagrams and other reports to the member companies.

Electrical Inspections. Although many municipalities attempt to inspect and regulate electrical wiring and apparatus in use, it has been found to be an advantage in many sections

of the United States for fire insurance companies to maintain special bureaus, or departments under the supervision of rating organizations, with the object of inspecting all the electrical installations. Where these are found to be in accordance with the National Electric Code a certificate is issued to the property owner on the payment of a small fee. In localities where this is done no permit to use electricity is given on insurance policies except with the provision that such a certificate has been issued. In many cases an understanding exists between the underwriters and the electric light and power companies that the current will not be turned on until the installation has been approved. The National Electrical Code has become the accepted standard and being so recognized fixtures, devices and all articles intended for electrical installations are available everywhere, so that the electrical problem has become greatly simplified.

Reinsurance. The majority of companies for many years confined their lines largely to the amounts they could retain for their own account and these varied from \$1,500 to \$5,000 or more according to class. With the increased efficiency of fire protection, the growth and concentration of values and the larger assets of the fire insurance companies, not only have retained lines become greater, but also the practice has developed of accepting gross lines much in excess of the amount to be retained, the surplus being reinsured.

The need of reinsurance facilities, combined with the desire not to lose the benefits of the surplus amounts given off, led to the formation, in 1911, of the Reinsurance Bureau for the purpose of exchanging reinsurances. Each member company may cede thereto an amount equal to its own retention on any class of risk except where located in certain defined congested areas of cities and each member shares upon a stipulated percentage in the total premiums received and in the expenses and losses incurred.

The Reinsurance Clearing House was later formed and operates in much the same way as the Bureau.

Almost all fire insurance companies have what are known as "reinsurance treaty contracts" under which the reinsuring company is obliged to accept any risk ceded to it under the terms of the treaty. There are a few American reinsurance companies and some direct writing stock companies that make treaty reinsurance contracts, but the bulk of such business is in the hands of foreign companies.

Adjustment Bureaus. It became evident some years ago that a method of adjusting losses must be found which would be less expensive and cumbersome than by having each of the several companies interested in a single loss represented by a separate adjuster. This led to the formation in 1905 of the General Adjustment Bureau, and later of four other bureaus, the five now maintaining some sixty offices scattered over the United States and a large corps of trained adjusters and other employees. These bureaus, while under the direction of certain of the stock fire insurance companies, will adjust losses for non-members as well as for members.

Salvage Corps. An important co-operative effort of the stock fire insurance companies is the maintenance in many of the larger cities of salvage corps, sometimes called "fire patrols" or "protective departments." These organizations have certain rights recognized by the various cities in which they operate and their duty is to protect property at the time of fire and so far as possible to reduce the damage especially from water.

KINDRED ASSOCIATIONS

There are a number of organizations maintained in connection with the many other classes of business that fire insurance companies write besides that which is usually termed regular fire insurance. Such associations have for their purpose the standardizing of forms of policies and their conditions, rates of premiums, commissions or brokerage payable, and other rules and practices that are for the common interest.

Aircraft. The National Aircraft Underwriters' Association assumes jurisdiction over this class for the entire United States.

Automobile. The following organizations have territorial jurisdiction as indicated by their names: National Automobile Underwriters' Conference, Eastern Automobile Underwriters' Conference, New England Automobile Underwriters' Conference, Southern Automobile Underwriters' Conference, Western Automobile Underwriters' Conference, and the Pacific Coast Automobile Underwriters' Conference.

Explosion, Riot and Civil Commotion. The Explosion Conference with headquarters in New York and the Western

Explosion Conference with headquarters in Chicago, between them have jurisdiction over the entire United States.

Hail. The Western Hail and Adjustment Association operates in the Central and Western States, where practically all of the hail business is done and the Pacific Coast Hail Association supervises the small amount of business written in that territory.

Mail Package and Tourist Floater. Both of these classes come under the supervision of the Tourist Floater Insurance Conference for all the United States.

Registered Mail. There are several groups of companies formed for the purpose of sharing the liability, premiums, losses and expenses on registered mail business upon an agreed percentage, which attempt to regulate the practices relating to this class of insurance.

Sprinkler Leakage. This class is under the jurisdiction of the Sprinkler Leakage Conference and the Western Sprinkler Leakage Conference respectively.

Water Damage. The Water Damage Conference has jurisdiction for the entire United States.

Windstorm or Tornado. The Eastern Tornado Association has supervision over the New England and Middle States and the Southern Tornado Association over the Southern States. The Western Union and Western Insurance Bureau look after the Central and Western States and similar associations supervise the class in the Rocky Mountain and Pacific Coast States.

Social and Educational Organizations. There are many societies, associations or clubs that were formed with the thought of proving a benefit to the business from an educational or social standpoint. Membership in such organizations is individual rather than a company membership. Among such may be mentioned the Insurance Library Association of Boston, which maintains the most comprehensive library on fire insurance in the United States; the Insurance Society of New York, which was the first organization of the kind in this country, there being seventeen similar societies now in existence; and the Insurance Institute of America, which conducts classes in insurance each year in various insurance centers. There are numerous local associations

of fieldmen, such as the Fire Underwriters' Association of the Northwest, the Smoke & Cinder Club of Pittsburgh and others. One of the interesting national organizations that is social in character is known as the "Ancient & Honorable Order of the Blue Goose," with local "ponds," in many of the States, membership being open to officers of the companies, general agents and fieldmen, independent fire insurance adjusters, members of the editorial staffs of insurance publications and officials of various organizations to which insurance companies are subscribers. Most of the organizations grouped under this heading do not attempt any jurisdiction over agents, rates, compensation, or any other underwriting questions, but are of value in bringing insurance men together for the exchange of information and the promotion of good fellowship.

CHAPTER V

GENERAL OFFICE WORK

SUPPLIES—LOST POLICY VOUCHERS—DAILY REPORTS—
BINDERS—MONTHLY ACCOUNTS—AGENT'S COMMISSIONS—COLLECTION OF PREMIUMS AND PAYMENT OF
BALANCES—OFFICE RECORDS—CORRESPONDENCE—IN-
STRUCTIONS—REPORTING LOSSES—KEEPING RECORDS.

Each company supplies the agent with blank policies; daily reports and a register for his own use; blanks for reporting losses; requisition blanks for ordering supplies

Supplies and forms for use in writing policies, unless these are furnished by some central body.

Various other supplies are usually available and the company's requisition blank will indicate their nature. Rates and rules will be furnished the agent in accordance with practices followed in his locality, together with the necessary explanation for their use. The company will also furnish the agent with instructions regarding its underwriting practices, with restrictions, if any, as to classes he must avoid and the lines (that is, amount of policy) he may write on a single risk, or in a block, or on given classes of business.

Policies are furnished in blank by each company and are usually numbered in print consecutively and should be used in numerical order. The printed number of a

Policies policy should never be changed. Policies spoiled in writing should not be destroyed but instead should be returned to the company. The agent is charged with each blank policy furnished to him and is expected to account for each by returning it or reporting its issuance. If a blank policy is lost the fact should be reported to the company, when its own particular form of voucher executed by the agent will usually be required.

Lost Policy Voucher (Agent). Where agent has lost a blank policy the following form of voucher may be used if the company does not furnish one:

.....Agency19....
residing in.....
 County ofState ofbeing first duly sworn
 upon oath depose.. and say.. that ..he.. (is) (are) Agent..
 of the.....Insurance Co., for.....and
 vicinity: that ..he.. received from the said Insurance Com-
 pany certain blank Insurance Policies of said Company, num-
 bered.....for use inAgency. That
 Insurance Polic.. numberedha.. been mislaid
 or lost and cannot be found; that said Polic.. ha.. never
 been issued by.....or by or with.....privity, knowl-
 edge or consent, to any person, persons or corporation, and
 that said Polic.. (is) (are) null and void, and whenever
 found will be returned to said Insurance Company.
 Subscribed and sworn to before me,
 this day of 19.. (L. S.)

Notary Public. Agent

The voucher should be signed and sworn to by the agent personally, or if the agency is a partnership by one of the partners signing for the partnership as follows: "John R. Doe & Co., by Richard Roe, a member of the firm". Or if a corporation by one of the officers—preferably the one accustomed to signing policies.

Some companies will accept a voucher in the following form:

Agency at.....19..

I Hereby Certify that Policy No.....Renewal No.
of the.....Insurance Company,
 received by me as Agent of said Company, has never been
 issued to any person or party whatsoever, but has been lost
 or mislaid, and that there is no liability whatever on the part
 of said Company thereunder;—that I have made diligent
 search therefor without success, and I agree to return same
 to said Company at once, if found.

.....Agent.

Lost Policy Voucher (Insured). The following form may be used as a voucher when the insured has lost or mislaid his policy. The return premium, if any, is figured pro rata if the policy is to be re-written or short rate if the policy is to be cancelled:

“Agency at19...

This is to Certify, that Policy No.....and covering
\$.....onsituate

.....
has been lost or destroyed and cannot be produced, and in consideration of a return premium of \$..... receipt of which is hereby acknowledged, the said Insurance Company is hereby released from all liability under said policy, which is declared null and void and no longer of any force or effect.

Witness to Signature

.....
..... Insured.

The insured will usually wish a new policy in place of the one lost. This may be issued for a full term and the unearned premium on the one lost credited on the premium of the new policy, or a new policy may be issued for the remainder of the term of the one lost, filling in as follows the space on the policy where premium is usually inserted:

“The cancellation and surrender of Policy No..... and of \$.....” (insert amount of unearned premium on lost policy).

The unearned premium stated on the lost policy voucher and the premium stated on the policy replacing the one lost should be identical.

REPORTING BUSINESS WRITTEN.

It is necessary that a complete and accurate copy of the written portions of the policy be sent to the company on blank furnished for that purpose, called the **Daily Report**. The information furnished thereon will include the following: Name of insured as entered on policy; amount, rate, premium, commencement, term, and expiration, and a copy in

full of the form. The daily report, in addition to being an accurate record of the policy, calls for certain information respecting the insured and the property covered. Sometimes it is not necessary to give the information provided for by specific questions thereon: for example, no diagram is necessary if the insurance map shows risk and exposures accurately. The company or its special agent will advise with the agent respecting this part of his work and tell him what is necessary or required. But it is important that no material information be withheld, and if there is anything unusual about the risk, known to the agent or indicated by title, rate, term, amount, form, map, or exposures, a suitable explanation should be made to the company on the daily report or in a letter. This will save both agent and company much correspondence. For illustration the upper half of a sample daily report follows:

Is risk shown on Fire Map? <u>Yes</u>	DAILY REPORT AGENCY <u>Rochester, N. Y.</u> FILE NO. _____ FIRE POLICY NUMBER <u>1296423</u> OLD POLICY No. <u>784692</u>
Vol. <u>2</u> Page <u>24</u>	
Block No. <u>612</u>	
STREET:	
Name	
No.	Example Insurance Company of New York.
Commission _____%	

THIS SPACE FOR HOME OFFICE USE ONLY

Amount \$ 5000. Rate .60 Premium \$ 30.00

Thirty and 00/100 Dollars Premium

Assured John R. Doe

for the term of three years
 from the 24th day of January 1917 at noon
 to the 24th day of January 1920 at noon

AMOUNT INSURED

Five Thousand and 00/100 Dollars,

The agent should notify the company without delay whenever he binds insurance on a risk to take effect at once or prior to the time when the daily report would in the ordinary course of business reach the company's office. Such notice of insurance binding may be in the form of a letter or a printed slip such as the following:

.....Insurance Company.

INSURANCE IS BOUND AS FOLLOWS:

In the name of.....

Amount, \$....., dating from.....191..

Covering on

Situate

.....

for.....months, at rate of.....

.....Coinsurance clause attached.

.....
Agent.

The agent may bind insurance orally, but if this is done he should confirm it in writing. Where one agent represents a number of companies, he should, as soon as he binds insurance, designate the companies by name together with the amount for which each company is bound. On one occasion an agent bound some insurance by telephone about 12:15 P. M. and then went home to luncheon without having made any notation or deciding in his own mind as to the companies in which he intended to bind the line. Before he returned fire had destroyed the risk. The agent represented twenty companies and he found himself in a very embarrassing position, as may readily be imagined.

At the end of each month, the agent should make up and send to the company a monthly account, on blank furnished for the purpose, showing in numerical order the policies issued during the month with the premiums thereon, together with additional premiums for endorsements made during the month; also showing any policies cancelled during the month

**Monthly
Accounts**

with the return premiums therefor, together with the return premiums for endorsements made during the month; also the amount of agent's commissions on the net premiums. These items, with any charges or credits that have occurred during the month, such as a charge for map or map corrections, constitute the agent's monthly balance, which is to be paid in amount as rendered.

The making out and forwarding of the monthly account should not be delayed awaiting collections; the company needs the account promptly in order to close its books. Cancelled and spoiled policies should not be held until account is made up, but should be forwarded to the company as soon as possible.

For illustration, a copy of a monthly account properly made out is appended.

(Official Blank of National Association of Insurance Agents.)

JOHN R. HORNER, AGENT AT PLEASANT VALLEY, PA.

IN ACCOUNT WITH
EXAMPLE INSURANCE COMPANY

MONTH OF JANUARY, 1920

Number	Amount Insured	GROSS PREMIUMS						Term (in years)	EXPIRATION		For Home Office Use Class
		15%		20%		25%			Mo.	Yr.	
124967	4000					20	00	3	1	23	
968	2000					8	00	3	1	23	
969	3000			18	00			1	1	21	
970	1000	15	00					1	1	21	
971	Spoiled										
972	20000	180	00					1	1	21	
973	5000			40	00			5	1	25	
974	9000	63	90					x	6	20	
975	500					2	50	1	1	21	
Total Premiums..	.....	258	90	58	00	30	50		347	40	Total Gross Premiums carr. for. (
Total Commissions	.....	38	84	11	60	7	62		58	06	Total Gross Commissions carr. for. (

OFFICIAL BLANK, (Continued)

Number	Amount Can- celled	RETURN PREMIUMS						FOR HOME OFFICE USE					
		15%		20%		25%		Term (in years)	COM.		EXP.		Original Premium
									Mo.	Yr.	Mo.	Yr.	
124942													
948	4000	35	62			4	20						
953	1500		00										
Return Premiums	.....	35	62			4	20		39	82	(Total Return Premiums entered below (2))		
Return Commissions	.....	5	34			1	05		6	39	(Total Return Commis- sions entered below (4))		

SUMMARY FOR THE MONTH OF JANUARY, 1920

(To be filled out by Company)	(1) Total Gross Premiums brought forward from other side.....	(To be filled out by Agent)	(3) Total Gross Commis- sions.....
Total Gross Writings brought forward..... \$.....	\$347 40		\$5
Total Gross Writings cancelled..... \$.....	(2) Less Return Premiums as above..... \$.....		(4) Total Return Commis- sions..... \$
Re-insured..... \$.....	Re-insurance..... \$ 39 82		Net Commission due Agent \$5
Net Writings..... \$.....	Net Premiums..... \$307 58		(If return commission in ex- cess extend in red ink)
	(If return premiums in excess extend in red ink)		

(1) Total Gross Premiums brought forward from other side.....	\$347	40	(2) Total Return Premiums as above.	\$39
(4) Total Return Commissions as above	6	39	(3) Total Commission on Gross Pre- miums from other side.....	58
			Taxes (vouchers herewith).....	20
			Local Board Expenses when authorized by Company (vouchers herewith)...	
			Postage when authorized by Company	
			Re-insurance effected by agents (per statement attached) net.....	32
			Loss 124269.....	
			Remittance herewith.....	
Balance (if any) due Agent.....			Balance due Company.....	203
TOTAL.....	\$353	79	TOTAL.....	\$353

Agency at.....19.....

The agent receives his compensation in the form of a commission which is calculated on net premiums written, i. e., premiums and additional premiums, less return premiums for cancellations or reductions in rate. Return commission is credited to the company in the same percentage as was charged on the original premium. The insured pays the original premium in full and in case of cancellation or reduction in rate is entitled to the full amount of the unearned premium without deduction for agent's commission or for brokerage. Some of the larger agencies run what they call a return commission sinking fund; that is, they credit said fund with a given percentage of all commissions, say 10%, and then charge the fund with all return commissions in full. The object of this is to provide a steady commission income, for with some agencies there are seasons of the year when large amounts of insurance are written under annual policies which are cancelled after running a few months, and without the plan outlined there would be some months when the return commissions on business cancelled would amount to nearly as much as the commissions on business written during such time.

It is important to remember that a commission is not earned until the premium on the policy is collected, nor is the transaction complete until the company is paid its premium. There is unfortunately no time within which it is the universal custom to require payment of premiums on the part of the insured, though there are a number of localities where it is the rule to cancel policies if they are not paid for within forty-five days. There is no good reason for extending undue credit and it is often remarked that since the insured is always anxious to have any loss that occurs paid promptly, he ought to be willing to pay the premium promptly. The companies as a rule require balances to be paid within a stipulated time whether the agent has made collection or not, and this is necessary for the safe conduct of the business and on the whole results beneficially to the agent. It necessitates his putting some capital into his business but on the other hand is a check against undue credit. Many agents will not deliver small premium policies until they are paid for, since the cost of running after little premiums often amounts to more than the commission involved.

A very interesting method of collecting insurance premiums has been adopted with success by agents in certain localities, being an adaptation to the fire insurance business of the Trade Acceptance, so familiar in commercial lines. The way in which the plan is carried out is as follows:

When policies are forwarded to the insured they are accompanied by a statement of the premiums involved. If these remain unpaid at the end of thirty days, or thereabouts, the insured is asked for a check and if further time is desired he is requested to discharge the account by payment of a portion thereof in cash and the giving of a Trade Acceptance for the balance. The cash payment is to cover earned premiums up to the maturity of the acceptance, which is made for thirty, sixty, or ninety days, or such other period of time as may be agreed upon.

The Trade Acceptance has attached to it a statement of the premiums covered thereby, this statement giving each policy number, amount and premium for the purpose of identification in case of cancellation, return premium, or other subsequent transaction.

When the cash payment and Trade Acceptance is in hand the insured is given a receipted bill for the premiums involved, which closes the agent's ledger account, the acceptance being deposited in bank which makes collection in the ordinary course of business.

If the Acceptance bears a longer maturity than sixty days from the inception of the insurance it usually bears interest at the legal rate.

One form of Trade Acceptance used by a prominent Baltimore agency is as follows:

No.19.... \$....
after date pay to the order of Ourselves.....
 Dollars with interest.....

The obligation of the acceptor hereof is for premiums on insurance policies, per invoice dated.....19....

Value received and charge the same to account of Acceptor.

In consideration of the payment or assumption of payment by the payee hereof, to the respective insurance companies of the premiums for which this trade acceptance is

given, the acceptor hereby assigns to the payee any unearned premium to which he may become entitled under said policy or policies as hereinafter provided. In the event of the insolvency or bankruptcy of the acceptor or the appointment of receivers for his, their or its property, prior to the due date hereof, the amount hereof shall at once become due and payable to the payee, and if not immediately paid upon demand, or if not paid on its due date, the acceptor agrees for himself, themselves, or itself, his personal representatives, successors or assigns, to immediately surrender all said policies to the payee to the end that the payee may, for the account of the acceptor, surrender all said policies to the Companies and receive the return premium thereon and credit the same against the amount of this acceptance. And said acceptor agrees that pending the payment of this acceptance or the surrender of said policies he, they or it, will not do or permit anything to be done to said insurance policies contrary to this agreement.

Across the face of above form the following inscription is printed in red ink:

“ACCEPTED

Date
 Payable at.....
 Location of bank.....
 Signature”

It is an excellent plan to keep a separate bank account in which to deposit all premiums collected, and from which to pay all company balances. This results in a separation of what are really trust funds, and serves as a good check on collections. It goes without saying that balances should be paid to the company within the time agreed upon.

Indeed, some companies will not retain an agent who is continually delinquent in this regard, for they argue that a man who is careless about money matters is not usually the type to make a reliable agent.

There is probably no part of an agent's work that causes him more annoyance, if not worry, than that of making collections, and often it is the least systemized.

Collection of Premiums Local customs, the character of his clientele and other considerations affect the methods which may be successfully employed, and no one method will prove suitable in all cases.

By far the great majority of business houses make their

collections by mail, which may be taken as good evidence that this method has been found more satisfactory on the average than by personal calls, and there seems to be no good reason for believing that this system cannot be made successful when applied to insurance agency collections.

If mail collections are to be attempted, a system for keeping track of unpaid accounts, and following them up, will prove helpful if not, indeed, necessary, and the suggestions offered here may serve as a basis for building one adapted to the particular needs of a given agency.

It may be taken for granted that a bill for the premium is sent at the same time that a policy is delivered. This bill may be made in duplicate, and the copy filed in
Systems a loose leaf collection book, to be followed up in any manner decided upon.

Another and more comprehensive system requires a file having 31 compartments, one for each day of the month. Each bill is made out in triplicate, each copy of a different color. For instance, the original may be white, the duplicate blue and the triplicate red.

The duplicate and triplicate are placed in the compartment of the collection file corresponding to the date on which the policy takes effect. When bills are paid, the duplicates and/or triplicates are removed and destroyed, having served their purpose.

Assume that this system has been in operation for one month, and that it has been decided to follow up collections on the basis of monthly periods from the date of policy; then, on each working day of the month the duplicate bills (blue) are taken out of the compartment of the collection file for the corresponding day of the previous month, and mailed to the customer, leaving the triplicate (red) in the file. A form letter may be sent with the duplicate bill, and may read somewhat as follows:

“Following our usual custom we are mailing you the enclosed statement for \$....., having found that a majority of our customers prefer to receive and pay their bills by mail rather than through a personal visit. If, however, we can be of any service to you by calling, or any explanation of the statement is desired, please ad-

wise us and we will be very glad to see you promptly on the matter."

On the corresponding day of the following month, or such other period of time as may be deemed desirable, the triplicates (red) are removed from the collection file, and given such treatment as may seem best, and may be then placed in another file, called the Past Due File, to be followed up as each separate case demands. Sometimes at the end of sixty days a letter reading somewhat as follows will prove effective:

"In calling your attention again to the statement of premiums due our office, amounting to \$....., we are led to explain that our Companies give us only a limited time in which to remit for insurance written.

We are obliged to account within a few days for the premiums shown on said statement, and therefore ask you to let us have check in order that we may make proper remittance to the Companies.

We feel sure you will agree with us that since the Companies are expected to—and do—pay their losses promptly, it is only fair that they should receive the premiums promptly from their agents, and that you will cooperate with us to that end.

Thanking you in advance, we remain,"

If this letter does not bring the money, it is sometimes felt desirable to send a notice that the Company requires the premium or the cancellation of the policy. In sending such a letter, if it is desired to be a cancellation in case the premium is not paid within the time stated, care must be exercised to make the notice unequivocal in its terms, and it is believed that the following phraseology will serve that purpose:

Payment or Cancellation sending such a letter, if it is desired to be a cancellation in case the premium is not paid within the time stated, care must be exercised to make the notice unequivocal in its terms, and it is believed that the following phraseology will serve that purpose:

"In accordance with customary rules, the Example Insurance Company requires me to remit the premium of \$..... on policy No..... issued to you and covering on situate, or to cancel said policy in accordance with its conditions. (See lines to inclusive.)

The PREMIUM REMAINING UNPAID, I am reluctantly compelled as agent of said Company to notify you of its election to cancel the policy at the expiration

of five days from receipt by you hereof. All liability thereunder on the part of the Company will cease and determine at the expiration of the said five days, unless during such period the premium of \$..... is paid at my office (give address).

Regretting the necessity of this action and hoping to hear from you, I remain,

Yours very truly,

.....
Agent."

In order to have proof of cancellation in case the premium is not paid, it will be necessary to send the foregoing notice by registered mail and obtain the registry return receipt, or to give the notice in some other legal manner. (See Cancellations.)

It seems desirable to send a second letter after a period of from seven to ten days, and if by any chance the first letter is not registered this second one should be. This second letter may read as follows:

"This is to notify you that policy No..... of the Company, issued to you and covering onat....., has been cancelled for non-payment of premium by the notice sent you under date of (date), in accordance with the policy conditions contained in lines to inclusive.

Please note that you are therefore without the protection of such policy, and return it to us for our files.

We also request that you pay us the sum of \$....., being the amount of the pro rata earned premium from the beginning of the policy to its cancellation."

If the policy was made payable to a mortgagee, ten days' notice should be sent by registered mail cancelling the mortgage clause. (See Cancellations.)

If loss was made payable to a payee who was not a mortgagee, a five days' notice should be sent by registered mail. (See Cancellations Page 144, Form Two.)

It may be of interest to know that agencies do not lose on the average more than $\frac{1}{2}$ of 1% per annum on uncollectible accounts.

OFFICE RECORDS.

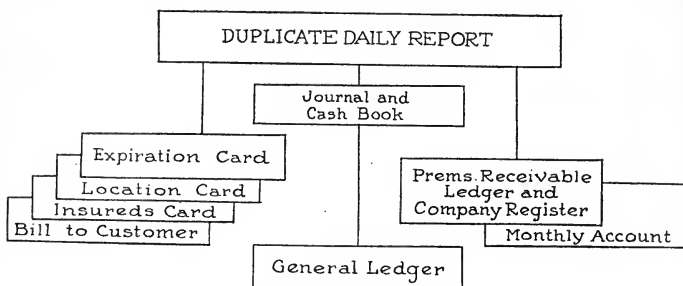
There are a great variety of systems in use by agents for the keeping of agency records and accounts.

The simplest system for a small agency is to use the register of each company as the record of all policies and endorsements issued for such company; as an expiration record, and even as customers' ledger and cash book. It takes less bookkeeping than any other method, and where the agent does not maintain an office force it usually works very well, but it will only serve for a small business, where the risks are mostly of small value, with only one or two policies to a risk.

A system which can be used for a larger business utilizes the individual register of each company to record all policies issued in such company, or one large register in which to record the policies of all companies represented, or the duplicate daily report system. This is supplemented by a cash book and ledger and sometimes by a journal. The expirations are posted to an expiration register, keeping each month of each year by itself, or to a card system by months of each year, or to a system of individual cards for each risk, filed by years, months and days of the month.

The tendency of the more modern office is to keep everything by card system and loose leaf books. There are many such systems in use and almost any of the large office supply houses (names furnished on request) will design one for the special needs of any office, or may be able to furnish stock cards for the purpose.

The system outlined here is taken from various sources and is intended for use in an up-to-date office where the business is of considerable volume. The system starts with the making of a duplicate daily report for each policy issued, the original daily report being sent to the company and the duplicate constituting the original agency record. The duplicate daily reports of each company are usually kept together in a file, either in numerical order or by expiration. The following chart illustrates the main elements of the system; sample of each card is printed herewith:



The cards used for recording (a) expirations, (b) amount at risk in each location, (c) insurance for customer at each location and (d) bill to insured, have been designed so all may be typewritten at one operation by use of carbon paper.

To insure immediate recognition and to aid in correct filing they may be clipped or notched; expiration cards notched in center of top, location cards clipped upper right corner, insured's card clipped upper left corner. By this means one cannot be misfiled with the others without instant detection.


Each card shows a circle in the upper right hand corner; also a space for numbering. As cards are filed they should be numbered consecutively when there is more than one card for a given location, or for one insured, and as each is numbered an X should be put in the circle on the prior card. Thus, an uncrossed circle on card indicates it is the last one for that particular location or insured.

Expiration Card. (6 x 4) The purpose of this card is to keep a record of all the business by expiration dates and to make certain that no policy is permitted to expire without being noticed. These cards are filed first as to years, then as to months, then as to days of the month.


It is suggested that different colors of cards be used to serve as a check on the correctness of the expiration date, one for each of five years of expirations (few policies being issued for more than a five-year term). Distinctive colors should be chosen, distinguishable in any light, such as, 1922 blue, 1923 buff, 1924 orange, 1925 green, 1926 red; all short terms expiring in year written, and long terms (over 5 years) white. The colors may be repeated at 5-year intervals.

Since the value of the system depends on the use of the proper color for the year of expiration, all expiration cards


before being filed should be run over to see that the color and expiration correspond. When filed by years there should be only two colors together, that chosen for the particular year, and white for the short and long terms, and any other color will be misfiled.

EXPIRATION		JAN. FEB. MAR. APR. MAY INSURED		JULY AUG. SEPT. OCT. NOV. DEC. LOCATION			
MONTH	DAY	YR.	Thomas Browning			.NO. 129 Jackson St. Pleasant Valley Pa.	
Apr.	1	23				 CARD NO 1 PAGE 4 BLOCK 7	
TERM	3	Yrs	ASSIGNED TO DATE				
BROKER AND ADDRESS							
POLICY NO.	COMPANY		AMOUNT	RATE	PREMIUM	PROPERTY COVERED	
1740128	Example Fire		5000.	.50	25 00	Dwelling	
						CANCELLED MO DAY YR.	


Location Card. (6 x 4) This card is used to show the amount at risk in any one location, as 32 State Street, and these cards are filed by street and number.

EXPIRATION		INSURED		LOCATION		 CARD NO 1 PAGE 4 BLOCK 7
MONTH	DAY YR.					
Apr.	1 23	Thomas Browning		NO. 129 Jackson St. Pleasant Valley Pa.		
TERM	3 Yrs	DATE				
ASSIGNED TO		BROKER AND		ADDRESS		
POLICY NO.		COMPANY	AMOUNT	RATE	PREMIUM	PROPERTY COVERED
1740128		Example Fire	5000.	.50	25 00	Dwelling
						CANCELLED
						MO.
						DAY YR.

Insured's Card. (6 x 4) This card is intended to be a complete record of all the insurance for a given insured at a given location, and a card is made for each insured at each separate location where insurance is placed.

EXPIRATION		INSURED		LOCATION		 CARD NO. 1 PAGE 4 BLOCK 7						
MONTH	DAY	YR	Thomas Browning		NO.							
Apr.	1	23			129 Jackson St. pleasant Valley Pa.							
TERM	3	Yrs.	DATE									
ASSIGNED TO												
BROKER AND ADDRESS												
POLICY NO.		COMPANY		AMOUNT	RATE	PREMIUM						
1740128		Example Fire		5000.	50	25 00						
Dwelling												
<table border="1"> <tr> <td colspan="2">CANCELLED</td> </tr> <tr> <td>MO.</td> <td>DAY YR</td> </tr> <tr> <td></td> <td></td> </tr> </table>							CANCELLED		MO.	DAY YR		
CANCELLED												
MO.	DAY YR											

Bill to Customer. (6 x 4) On direct business this bill may be sent with the policy to the insured. When the business is chargeable to a broker the bills may be kept until the end of the month (filed alphabetically by brokers) and a statement of all premiums due sent at that time.

EXPIRATION		INSURED		LOCATION			
MONTH	DAY	YR.				 CARD NO. 1 PAGE 4 BLOCK 7	
Apr.	1	23	Thomas Browning		NO. 129 Jackson St. Pleasant Valley Pa.		
TERM	3	Yrs					
To JOHN R. HORNER, DR.			25 MAIN STREET, PLEASANT VALLEY PA.				
POLICY NO.		COMPANY		AMOUNT	RATE	PREMIUM	PROPERTY COVERED
1740128		Example Fire		5000.	.50	2500	Dwelling

Company Register and Premiums Receivable Ledger (15x8½ or 15x17)

[illegible]

The right side of the sheet shows commission to broker (if any), net premium to agency, name of assured and broker.

This register together with the right hand page which has columns for payments and balances by months constitutes a ledger and monthly trial balance that is quickly proved even when there is a large volume of business. Return premiums are entered in red on sheets similarly ruled but with appropriate changes in the headings. This ledger is controlled by a "Premiums Receivable" account in the general ledger.

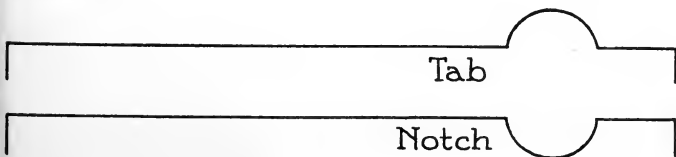
Monthly Account—Premium List. This, as explained previously, is an exact carbon duplicate of the left side of the register over to the column for "Commission to Broker." A margin should be left on the right side of this duplicate so that the Company office will have room for notation of original premiums on the return premium lists.

Card Filing. The use of distinctive colors for the various years of expiration will check the correctness of the card as to the year, but not as to the month. This may be accomplished by either of two methods:

First, the cards may have a tab projecting above the top line of the card, so placed as to denote the respective months of the year. With this method, when all October cards, for example, are filed the tabs will show a straight line along the top of the October file, and any tab out of line will denote a misfiled card. The objection to such a card is the likelihood of the tab being broken off in handling.

Second, the card may have a notch cut into the top line of card in place of a tab projecting above. With this method, when all October cards, for example, are filed the notches will show in the form of a groove along the top of the October file, and any break in the groove will denote a misfiled card. The notched cards may be handled without much chance of injury.

The top line of the two forms of cards will appear as illustrated:



Color Expiration System. A suggested system for overcoming the labor of entering expirations on a register or on cards is as follows:

Each company's daily reports to be used for original and duplicate, and an agent's daily report as a triplicate. This agent's triplicate daily report to be practically a blank, so that it will record the essential information no matter in what form the original daily report is arranged. Thus each daily report will give the amount, rate, premium, name of insured, commencement, term and expiration. A copy of the form should be pasted thereon unless the form has been written on the policy itself.

This triplicate to be in different colors, one for each of five years of expirations. For example, for business written in 1922 the following distinctive colors, discernible in any light if properly chosen, may be used for each respective year that policies expire: 1923 blue, 1924 buff, 1925 orange, 1926 green, 1927 red, and all short terms (expiring in 1922) or long terms (over five years) white. When the expirations for January, 1923, are desired, the whole January file will be run over and the blue and white triplicates picked out; so with all other months of that year. Beginning 1924 all buff and all white daily reports will be picked out. When it comes time to write five-year business expiring in 1927 the blue daily reports will again be used, since all blues denoting 1923 will have been picked out for each month before the 1928 daily reports for that month are ready for filing; thus blues will be 1923 and 1928, buffs 1924 and 1929, etc. Since the accuracy of the record depends on the use of the proper color for the year of expiration, all daily reports before being filed should be run over to make sure the color used is the correct one. A system could be arranged to check the triplicates against the duplicates, but it would entail considerable work and seems unnecessary. The duplicates will be filed by months and each company's business separately in numerical order without reference to year of expiration. All endorsements and cancellations should be recorded on both duplicate and triplicate daily reports.

Correspondence. There is little to say about letter writing in the insurance business that does not apply equally in other lines of work. It is proverbial that clear, simple, concise, and courteous letters are an asset to any business. It is obvious that information sought, by client or company, should be promptly furnished. Sometimes this is not possible and

many agents make a practice of acknowledging letters, where a full and complete answer can not be sent at once, by using a card or printed sheet reading somewhat as follows:

Dear Sir(s):19..

Your letter of.....is receiving careful attention. Reply will be made within a short time.

.....
Agent.

Nothing is much more annoying than to have letters ignored that call for a reply, and this simple acknowledgment shows that a letter is not overlooked, at the same time giving opportunity to obtain the desired information or to take necessary action.

Instructions. Each company has its own system of underwriting and its own methods of operation. Its success depends in large measure upon the cooperation of its agents. Unless they carefully and intelligently follow its policy in the selection of business and in the lines written on individual risks or in congested sections, the success of both company and agent will be endangered. The agent who follows the company's instructions carefully and promptly not only does his share in the maintenance of its system of average, but also escapes any personal liability which he might be assuming by failure to observe same.

Reporting Losses. The agent should notify the company as soon as possible after a loss has occurred. Some companies request telegraphic notice if their share of the loss exceeds \$100 and the following form of telegram is recommended:

".....per cent. loss policy Seven Sixty-one Richards. (Name of Company) (Name of Company) also interested."

The last three numbers of the policy or policies involved is sufficient. The telegraphic notice is usually sent to the company and is followed by a mail notice, using the standard blank furnished, one copy thereof also being sent to the Special Agent. It will be noted that this blank calls for certain definite information and this should be given where pos-

sible to furnish it, particularly information as to property damage and estimated loss thereon (expressed in percentage of the insurance rather than of the value), the cause of fire, and where it originated. Any other pertinent information of possible value to the company or its adjuster or field man should also be given. (See "Losses.")

CHAPTER VI

WRITING POLICIES AND ENDORSEMENTS

SIGNING FORMS AND POLICY—TITLES—AMOUNT, RATE AND PREMIUM—TERM—PERPETUAL POLICIES—DESCRIPTION OF PROPERTY—LOCATION—OCCUPANCY—RUBBER STAMPS—ENDORSEMENTS (WITH SAMPLES).

Each policy should state the full name of insured, amount, rate, premium, commencement, term and expiration, together with a complete description of the property covered and its location. Avoid all abbreviations, erasures or interlineations. The phrase, "etc.," should not be used, but instead "and other similar property." Neither should the term, "et al" be used.

The rule should always be followed of writing a policy in such clear, explicit and unmistakable terms, that no question will arise regarding the insured, the property covered or its location, or any of the conditions set forth in the form.

Signing the Forms and Policy. Each separate form, or rider, attached to a policy should bear the following or similar language: "Attached to and forming part of policy No.of the.....Ins. Co.....Agent." and should be signed in ink by the agent, or his name written or stamped thereon, together with the name or initials of the one affixing same.

The policy itself should be signed in ink by the agent, or by one who has been authorized to sign his name for him. The object of signing in ink is because a pencil mark may smear, blur or be erased. The object of appending the initials of one signing agent's name is to provide identification of the signature in case it is necessary to prove same. Rubber stamp signatures or those written on a typewriter are especially unsatisfactory unless initialed, since any one can use a stamp or typewriter and there is no possible way of proving from the signature itself who affixed it. A signature in print is open to the same objection unless initialed.

Title (Insured). It is customary in writing the title of a policy in the name of an individual to use one of the given

names of the insured, and if in the name of a married woman to use her given name.

The following are examples of familiar titles:

John R. Doe.

John R. Doe and Richard Roe, as interest may appear.

Doe & Roe, as now or hereafter constituted.

The Roe Engineering Co., Inc.

Richard E. Roe & The Roe Engineering Co., Inc., as interest may appear.

John R. Doe, Contractor, & Richard E. Roe, as interest may appear.

John R. Doe, Referee (or Trustee) in bankruptcy for Richard E. Roe.

John R. Doe, as Trustee for whom it may concern.

John R. Doe, for account of whom it may concern.

John R. Doe, as Trustee (or Guardian) for Richard E. Roe (infant).

John R. Doe, Executor (or Administrator) of Richard E. Roe, deceased.

John R. Doe, Kate S. Roe, and Kate S. Roe, as Trustee (or Guardian) for Arthur T. Roe, infant, heirs of James C. Roe, deceased.

Estate of James C. Roe, deceased.

Heirs of James C. Roe, deceased.

“As interest may appear.” This phrase is often used where owner and lienor, owner and contractor, owner and tenant, or vendor and vendee desire protection under one policy. By so doing two interests are covered without stating the precise interest of each. It relieves the insured from the warranty as to sole and unconditional ownership. The phrase is employed rather indiscriminately, but there is usually no harm in its use and there are circumstances when it is advisable if not necessary. Moreover, when used it gives each interest the right to demand payment to it individually of a loss sustained, in accordance with the terms and conditions of the policy contract, to the property owned by such interest. This right is very seldom exercised, for insurance companies customarily pay a loss by draft made to the several interests as designated in the policy, leaving the division of the money to those entitled thereto.

“As Now or May be Hereafter Constituted.” This phrase is used in order to keep the insurance valid, or avoid possible

dispute, in case of changes in name or personnel of the insured which might involve a change of interest. For example, if a copartnership takes in a new partner the interest is held to be changed, but not if a partner retires, nor if, without new partners, the firm name changes. In the latter case, however, it is usually felt desirable to change the title of the insurance.

Estates. In writing insurance for an estate it is never advisable, if it can be avoided, to write it as in the last two titles given in the foregoing list, for the reason that if loss occurs the insurance company will not know to whom loss should be payable except by evidence outside of the policy contract, and sometimes it is difficult to get a satisfactory release of the insurance company's obligation to pay the amount of any loss to heirs, or others, who may have an interest in the property covered. This is especially true when the policy is written under the title of "Estate of James C. Roe, Deceased," and it is found that the insured has left no will. The question then arises, "Who are the heirs, and who is entitled to an interest in the estate?" and the company is not likely to pay any loss until that question is answered. When it becomes necessary to insure against loss to property of the estate of a deceased person where there is no will, it is best to insert a condition after this form: "Loss, if any, to be adjusted with, payable to and recoverable by John R. Doe, and by him only," substituting for "John R. Doe" the name of some person representing all parties in interest, or at least those thereof at whose instance the insurance is procured.

"For Whom It May Concern." This phrase is chiefly intended for use when "John R. Doe" (the insured specifically named) desires to protect by insurance other and various parties, who it may be are constantly changing. It is held that the interests protected by these words must be such interests as were contemplated by the one securing the policy; they need not necessarily be particular individuals, but may be a certain class of individuals. As illustrative: Insurance taken out in the name of an owner of an elevator or cold storage plant to cover grain or produce by whomsoever owned while contained therein.

This phrase will protect those intended to be covered who have property involved in a loss, regardless of whether they

had an interest at the time the insurance was taken out, or acquired it subsequently; it gives each such owner the same right as do the words "held in trust," (see Commission Clauses), viz., subsequent to a fire to ratify the insurance, even though previously ignorant of its existence, and take the benefit thereof.

Policies written in the name of "John R. Doe, for account of whom it may concern," should have a clause inserted, reading, "Loss, if any, to be adjusted with, payable to and recoverable by John Doe and by him only," and should also exclude property specifically insured (See Exclusion Clauses).

POLICY WRITING

Amount. The amount for which a policy is written, commonly called its "face," should agree with the amount stated on the form, if but a single item is covered, or should equal the sum of the amounts of all items, if there are two or more. The exception to the latter is where the amount of the policy, being only a portion of the total insurance, is intended to cover pro rata of all the items.

Where a form is used that has two or more items, such as "\$..... on building, \$..... on machinery therein," but the whole amount of the policy is to cover on but one of the items, the word "Nil" or "Nothing" should be entered in the space after the sign "\$....." Otherwise the policy may be held to cover blanket over all the items.

Rate and Premium. Rates are customarily based upon \$100 of insurance for the term of one year; thus a rate of 60c means 60c per \$100 per annum. The amount of policy multiplied by the rate will result in the premium; thus \$1,000 of insurance at the rate of 60c calls for a premium of \$6.00.

Commencement, Term and Expiration. The commencement of the policy is the date on which the insurance is to take effect. The term is the length of time for which it is to cover. Local underwriting rules customarily determine the terms, i. e., the length of time, for which various classes of property may be written and the rates therefor. Usually policies are written for periods of one year or less, three years and five years.

Wide latitude is given in changing by endorsement the printed or written conditions of the policy, but the term and expiration should never be changed by endorsement; the policy should be cancelled and rewritten, or, in rare cases may be changed by erasure.

Perpetual Policies. Some companies issue perpetual policies which run without limit of time and are usually issued only at the head office of the company and under special circumstances. A deposit premium is paid and no further premium is necessary unless conditions surrounding the property call for a readjustment of the rate. Customarily these policies may be cancelled by either the insured or the company. In the former case 90% of the deposit premium is returned to the insured and in the latter case all of it is returned.

Description. Descriptions of buildings in policy forms are somewhat a matter of local custom and rating methods, but, generally speaking, dwellings are described by height, roof and construction, as for example, "the two story, shingle roof, frame dwelling." Other classes of buildings are described by construction only. When buildings do not show on insurance maps it is customary to describe them in more detail in the policy form.

When insuring contents, the form should specifically describe them, with necessary detail, followed by the words, "while contained in," followed in turn by a description of building and its location.

Location. The location should be explicit so that there is no mistaking the situation of the property described, as for example, "situate No. 24 State Street, Rochester, N. Y.," or "East side of State Street about 170 feet North from Main Street" or "Lot No....., Block No....." together with the division or sub-division if necessary, or "Westerly side of Long Street, being the house now occupied by James Roach." There are various ways of describing property located in the country, as for example, "situate westerly side of main road from Norfolk to Suffolk in Kent Township, Middlesex County, N. J." In some parts of the country it is customary to give the Section, Township and Range numbers.

Occupancy. Most rating organizations and companies require that the nature of the occupancy, or the general class of occupancy, be stated in the form. It therefore may be laid down as a rule that same should always be stated, as for example, "as a dwelling," "as a store and dwelling," "for mercantile purposes," or "as a shoe factory," etc. Sometimes local underwriting rules require the specific nature of the occupancy to be stated. Then it will not be sufficient to say, "for mercantile purposes," but instead must state, for example, "as a hardware store." It is not advisable to use the expression "while occupied as," except in those cases where the agent and/or company desires to specifically restrict the occupancy to that stated in the policy, then it is best to say "only while occupied as."

Rubber Stamps. The courts have held that any provision of a policy that is not legible shall not be binding on the insured, therefore if a rubber stamp is used care must be exercised that the imprint on the policy shall be clear and easily decipherable. For this purpose red ink is preferable, as being more distinct.

POLICY CHANGES

A policy sometimes requires changes in amount, rate, form or conditions, in which case an endorsement thereon, written, typewritten, or printed, is necessary. Such

Endorsements endorsement, if on a separate piece of paper, should bear the name of the issuing agency, policy number, name of insured, and the date and nature of the changes expressed in clear and unambiguous language. The endorsement should be signed (with date stated) by the agent (see Signing the Forms) and securely pasted—not pinned—upon the policy. A full and complete copy of the endorsement, in the exact language thereof, should be filed with the agent's records and a similar copy forwarded to the company, with any explanation necessary or desirable. Each endorsement should bear the following or a similar phrase:

"Attached to and forming part of Policy No.....
of theInsurance Company.
.....Agent."

There is no one general form or set phraseology used but it is always well to give the date from which the endorsement is to take effect, such as stating, "From date hereof," or

“On and after (date).” A few illustrations of the more frequently used forms of endorsements follow:

Assignment of Interest. Where property described in a policy changes ownership, the policy may be assigned to the new owners. Most policies have a place specifically provided for this change, usually under the headings

“Assignment of interest by insured”
and

“Consent by Company to Assignment of Interest.”

The “assignment” should be signed by the insured who is transferring ownership, and the “consent” by the agent of the company. When such assignment is made it should be noted on the agent’s records and the company advised in the following or similar language:

“Interest of (name of insured) in this policy assigned to (name of new owner) by consent.”

It is rarely advisable to partially assign a policy, as for example, where it covers on a dwelling and on household furniture therein and the dwelling is sold. Either cancel and re-write under two policies, one for each owner, or cancel the amount covering on the property sold, and write a new policy thereon in the name of the new owner.

Removal. The policy may be transferred to cover the same property in another location (see exceptions noted). The following or similar language may be endorsed on policy:

“Permission is hereby granted to remove the property insured by this policy to thesituate and this policy is hereby made to cover same property in new location, all liability in former location to cease from this date.”

There is usually no objection to making the policy cover in both locations pro rata during removal, in which case the following is used in place of the last 10 words of the foregoing:

“This policy shall cover in both locations during removal in the proportion that the value in each bears to the value in both.”

If the rate is not the same in both locations then the additional—or return—premium should be stated, being figured usually on a pro rata basis.

Exceptions:

The agent usually has no authority to grant removal permit where property is taken to another state, or to a town or locality not in the vicinity where he is commissioned to act as agent, but may be consented to by the company.

Policies covering on grain in elevators, merchandise in storage, whiskey in bonded or free warehouses, and similar properties, are not usually transferred, but instead are cancelled at short rates.

The local underwriting rules will guide the agent in this respect.

Changes in Cover or Items. Where a readjustment of the insurance requires a change in the form attached to a policy, or a change in its items, the endorsement should clearly express such change, for example as follows:

**WHERE NO CHANGE IS REQUIRED IN PREMIUM,
AMOUNT OR ITEMS BUT MERELY A CHANGE
IN FORM.**

“From date hereof this policy shall cease to cover as heretofore, and shall apply as follows:”

Below this attach the new form.

**WHERE INSURANCE APPLYING ON ONE OR MORE
ITEMS OF A SCHEDULE IS TO BE INCREASED,
BUT THE AMOUNT OF POLICY UNCHANGED.**

“From date hereof the form attached to this policy is hereby amended as follows: \$. shall hereafter apply on item No., covering known as, and the total amount of schedule is increased to \$., the amount of this policy remaining unchanged and to cover pro rata of all items.”

WHERE PREMIUM IS CHANGED.

“In consideration of \$. additional (or return) premium, from date hereof this policy shall cease to cover as heretofore and shall apply as follows:”

To complete this endorsement a new form may be attached showing the full amount by items, or only the changes in the items affected may be stated.

WHERE PREMIUM AND AMOUNT ARE CHANGED.

"In consideration of \$. additional (or return) premium, the amount of this policy is hereby increased (or reduced) \$., making the total amount thereof \$. and from date hereof same shall cease to cover as heretofore, and shall apply as follows:

\$. on item No. 1, covering.
 on item No. 2, covering.
 on item No. 3, covering.

Partial Cancellation. When the amount of insurance is to be reduced it is often preferable to cancel the policy outright and to write a new one for the reduced amount. Sometimes, however, there is good reason for a reduction in the amount of the policy, more particularly when only one item is affected, and in such cases the endorsement should be made to clearly express the change, for example as follows:

"In consideration of \$. return premium \$. of the amount of this policy (or the. item of this policy) is cancelled from date hereof, leaving in force \$. covering as before (or covering on said item)".

In all cases of partial cancellation the endorsement should be signed by the insured in duplicate, one copy being attached to the policy and one forwarded to the company. This is to avoid any question in case of loss, for the endorsement might in some way become detached from the policy, the insured or agent not recall that reduction of amount had been made, leaving it difficult if not impossible for the company to prove the transaction.

Reinstatement of Loss. The term "Reinstate the policy" means to reinstate the amount of loss that has been paid thereunder and make the policy again cover for the original amount. This is customarily done in the case of small losses, and the following form of endorsement may be used:

"In consideration of \$. additional premium, loss amounting to \$. by fire of (date) is hereby reinstated, and policy is continued for the full amount, viz., \$."

Mortgage Claim Satisfied. When a mortgage has been paid off, and policy is to be made payable to the insured, or to a

new mortgagee, the endorsement should read somewhat as follows:

“Interest of.....mortgagee having ceased, (or, mortgage interest of.....having been satisfied) loss, if any, under this policy shall hereafter be payable to the insured,” (or “payable to.....mortgagee.”)

Foreclosure and Notice of Sale. When mortgage is—or about to be—foreclosed, the following or similar endorsement should be made on the policies of insurance:

“Consent is hereby given for foreclosure proceedings to be commenced on the within described property or notice given of sale thereof by virtue of mortgage or trust deed.”

Certificates and Duplicate Policies. When the mortgagee, as is customary, holds the policy, the insured will frequently desire a Certificate of Insurance, or, in some cases, a duplicate policy. Most companies furnish blank certificates, the following being a sample:

No.....

Amount \$...... Rate..... Premium \$......

This Certifies, That Policy numbered as above has been issued, for a stipulated consideration of

..... Dollars Premium

Insuring

.....for the term of.....

from the.....day of.....19....at noon

to theday of.....19....at noon

against all direct loss or damage by fire, except as therein provided, to an amount not exceeding

..... Dollars,

to the following described property while located and contained as described, and not elsewhere, to-wit;

.....

Loss, if any, payable to.....Mortgagee.

This Certificate is issued with the understanding that it is only a **Copy** of the Policy named herein, and is subject to all clauses, riders, amendments, endorsements and assignments

that may be made on said Policy, and in case of cancellation of Policy this Certificate will immediately become null and void.

.....Agent.

Where a duplicate policy is issued a blank policy may be taken out of the regular series and written up in identical form with the original. It should have stamped or written across its face the word **DUPLICATE**, together with the following or similar condition:

DUPLICATE.

“This Duplicate is issued with the understanding that it is only a copy of the **ORIGINAL**, and subject to all endorsements and assignments that may be made on said original and in case of cancellation thereof this duplicate will immediately become null and void.”

When a duplicate policy is issued, a daily report should be sent to the company, marked “Duplicate of Policy No.,” and duly recorded as such in the agent’s records and in the company’s monthly account.

CHAPTER VII

LOSSES

WHAT TO DO—WHAT TO AVOID DOING—ADVICE TO INSURED—ADJUSTMENT BY AGENT—PROOFS OF LOSS—RECEIPTS FOR LOSS PAID—PAYMENT OF LOSSES—APPRAISAL AGREEMENT—NON-WAIVER AGREEMENT—SUBROGATION RECEIPT.

When a loss occurs the agent is often in doubt what to do, or avoid doing, in order to properly conserve the interests of both parties, namely, the insured and the company; yet, in large measure, he must be guided by his own good judgment based on the particular circumstances surrounding each claim. Certain things, however, are always expected of the agent:

**Agent's
Duty**

“He should give proper notice to the company (or companies) interested, and to its field men, if any, (see Reporting Losses);

“He should avoid making any endorsement or correction or change of any kind on a policy after a fire has occurred, or accepting any premium or additional premium. The reason for this is to avoid taking action that might waive some violation of the conditions of the policy or reinstate a policy that is void;

“If binder has been given and fire occurs before the policy is issued, it is usually better to report the facts to the company and let it direct what further action shall be taken.”

Advice to the insured after a fire should usually be confined to pointing out the conditions of the policy as set forth therein. It is the first duty of the insured, after notice of fire has been sent to the company, to handle the damaged property in a way to prevent further loss, and this may be explained to the insured and advice given as to the best means to employ. Within reasonable limits, expenditures undertaken for protecting the property from further damage become a proper

**Giving
Advice**

charge against the loss and may be included in the claim; such as, for example, covering a hole in the roof, handling wet stock, greasing machinery, etc.: But expenditures necessary in order that the insured may be in position to present a claim are not properly chargeable to the loss; such as, making the inventory, preparing statements, etc.

There are so many different conditions which may arise that it seems impracticable to give any definite directions how to protect property from further damage. Good sense must largely govern. Buildings with holes in roof or walls should be protected from the elements, and it is usually better not to dry out a building by artificial heat, except of very low degree. Machinery that is wet should be greased, using what machinists call "slush." Stock should be dried; usually, air drying is preferable and an excessive degree of heat is almost always harmful. Often the advice of someone in the same line of business will be valuable, and perhaps the very best guide is for the insured to consider, "What would I do if I had no insurance."

The company or its field man is very likely to refer small losses to the agent for adjustment, in which case it will be expected that he will deal fairly with both insured and company, fixing the amount of loss on the basis of indemnity only, but allowing the insured all to which he is entitled. (See Cash Value.)

Adjustment by Agent

It seems proper to say that while the companies naturally desire to keep their losses down as much as they can legitimately, the time has long since passed when reputable companies wish to have their losses settled for as little as possible regardless of equity; and the company that permits its representatives to browbeat and mulct the insured very soon gains an unenviable reputation, both among agents and brokers, and among other companies—to say nothing of that part of the public with whom it comes in contact loss-wise.

In adjusting a loss all the policies covering on property involved should be examined and tabulated, showing the amount of each and the items (if more than one) under which claim for loss is made: they should be carefully compared to see whether they are concurrent, and read in detail to see whether the property is covered for which claim is made.

Inquiry should be made and all evidence examined to determine, if possible, the cause of fire; and, if this cannot be definitely established, then the most likely cause should be given, with suitable explanation.

The adjustment should determine sound value of both the damaged and the undamaged property, as well as the loss, and if there is a coinsurance clause attached (insurance being insufficient to comply therewith) the apportionment should show the portion of the loss borne by the insured in accordance with such coinsurance clause.

If the agent is not certain that the company is liable, or if there are any doubts in his mind about the honesty of the origin of the fire, or the claim for loss, and he cannot resolve such doubts, he will naturally refer same to the company, with a full statement of facts, and ask instructions.

In the settlement of every loss the papers required by the company are: Proof of Loss, Report of Loss (for statistical purposes) and, in certain cases, Receipt for Payment. When the sound value and the loss are agreed upon, the agent usually makes out the Proof of Loss, has the insured sign and swear to it, and forwards it to the company or field man, draft in payment being forwarded to the agent in due course for delivery to the insured. The policy provides that payment shall be made within 60 days after proof is received by the company, but small losses are usually paid without delay. For the reason that loss need not be paid until 60 days have elapsed, it was for many years the custom to take off 1% discount if loss was paid at once, and this custom still prevails in some sections, although it has quite largely been abandoned, and companies generally are now promptly paying all losses, large or small, without discount.

The short form Proof of Loss is used where the whole loss is \$100 or less; otherwise, the long form. Sometimes the agent pays with his own check the small losses which he adjusts, and charges the loss to the company in his next account, or deducts the amount from his next remittance. The Proof of Loss need be signed only by the insured, but checks in payment of a loss should be made payable to all parties mentioned in the policy; that is, the insured, and all the mortgagees or trustees, if any, or the payee under a loss payable clause; when the agent pays the loss a receipt, likewise signed,

Required Papers

Proofs of Loss

should always be secured and forwarded to the company for its voucher. The policy unless cancelled by loss or when loss is paid, should always be endorsed with the payment of the loss, a convenient form being as follows:

“Fire.....(date).....; Loss \$.....; Paid (date).....; Item..... involved; Amount of policy or items reduced accordingly.”

Some companies require a receipt signed in duplicate by the insured, one going to the company and one being attached to the policy. Other companies forward a receipt with draft in payment of loss and require it to be signed on delivery of draft and attached to policy.

All the information called for on proofs of loss should be given, including a detailed statement of the property damaged or destroyed.

When loss is submitted to appraisal as provided in the policy, it is the custom for an appraisal agreement to be executed between the insured and the company or companies interested. This should be signed, in duplicate, by the insured and all the companies interested, one copy being for use by the appraiser named by the insured and the other for use by the appraiser named by the company or companies.

FORM OF APPRAISAL AGREEMENT

(For use under Old New York Standard Policy)

IT IS HEREBY stipulated and agreed by and between
John and Richard Roe.....
 of the first part, and.....
Example Insurance Company of Hartford.....
Victor Insurance Company of New York.....

 each acting for itself and not as agent for the other, and
 each as party of the second part, that.....
Henry Jones....., designated by the parties of the
 first part, and.....
Thomas Smith....., designated by the parties of
 second part, shall ascertain, pursuant to the terms and con-

ditions of the policies of insurance issued by said companies to the party of the first part, the sound actual cash value of the property of said party of the first part, on the 4th day of....May...., 1916, which is more particularly described in the policies as.....

(Attach copy of form)

.....

 as well as the actual direct loss or damage caused thereto by a fire which occurred on that day; that the said two appraisers shall first select a competent and disinterested person who shall act as umpire, and the said two appraisers together shall then estimate and appraise the loss, stating separately sound value and damage, and failing to agree shall submit their differences to the said umpire; and the award, in writing, of any two shall determine the amount of such loss. Such loss or damage shall be ascertained or estimated according to the actual cash value of said property at the time of the occurrence of said fire, with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost the insured to repair or replace the same with material of like kind and quality, but such appraisalment does not in any respect waive any of the provisions or conditions of said policies of insurance, or any forfeiture thereof, or the proof of such loss and damage required by the polic.... of insurance thereon.

New York,....May 7,....1916.

.....John & Richard Roe,.....
by John Roe.....
Example Insurance Company,.....
by E. R. Loe,.....
Special Agent.....
Victor Insurance Company,.....
by H. P. Moe,.....
State Agent.....

APPRAISAL AGREEMENT

(For use under New New York Standard Policy)

IT IS HEREBY stipulated and agreed by and between
John and Richard Roe.....
 of the first part, and.....
Example Insurance Co. of Hartford.....
Victor Insurance Co. of New York.....

 each acting for itself and not as agent for the other, and
 each as party of the second part, that.....
Henry Jones....., designated by the part....
 of the first part, and.....
Thomas Smith....., designated by the part....
 of the second part, shall ascertain, pursuant to the terms and
 conditions of the polic...of insurance issued by said
 comp....to the party of the first part, the sound actual cash
 value of the property of said party of the first part, on
 the....day of....., 192..., which is more particu-
 larly described in the policies as.....
 (Attach copy of form)

.....

 as well as the actual direct loss and damage caused thereto
 by a fire which occurred on that day and/or, if this agree-
 ment contemplates personal property, in such case damage
 if any caused by removal from premises endangered by
 fire; that the said two appraisers shall first select a com-
 petent and disinterested person who shall act as umpire, and
 the said two appraisers together shall then estimate and
 appraise the loss, stating separately sound value and damage

to each item, and failing to agree, shall submit their differences only, to the umpire. An award, in writing, so itemized, of any two when filed with the insurance companies above designated shall determine the amount of sound value and of loss or damage. Such loss or damage shall be ascertained according to the actual cash value of said property at the time of the occurrence of said fire, with proper deductions for depreciation however caused, and shall in no event exceed what it would cost to repair or replace the same with material of like kind and quality within a reasonable time after such loss or damage, without allowances for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair and without compensation for loss resulting from interruption of business or manufacture, but such appraisement does not in any respect waive any of the provisions or conditions of said policy or policies of insurance, or any forfeiture thereof, or the proof of such loss and damage required by the policy or policies of insurance thereon.

Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

The reverse side of the appraisal agreement blank provides as follows:

APPOINTMENT OF A THIRD PERSON

We, the undersigned, do hereby appoint.....
as umpire, as provided for in the within Agreement.
.....192...

.....
.....
Appraisers.

DECLARATION

State of..... {
County of..... { ss.

We, the undersigned, do solemnly swear that we are not interested, either directly or indirectly, as partners, creditors,

or otherwise, or related to either of the parties of the foregoing agreement; that we will act with strict impartiality in making an appraisement agreeably to the foregoing appointment, according to the best of our knowledge, skill and judgment.

WITNESS our hands this.....day of.....
A. D., 192....

.....
.....
Appraisers.

.....
Umpire.

Sworn to before me by said.....
and subscribed by.....in my presence, this.....
day of.....A. D. 192....

.....
.....

AWARD

We, the undersigned, pursuant to the within appointment, do hereby certify that we have truly and conscientiously performed the duties assigned us, agreeably to the foregoing stipulations, and have appraised and determined the actual cash value of said property on the.....day of.....192.., and the actual direct loss and damage thereto by the fire on that day, to be as follows, to wit:

Actual Net Cash Value.....
Actual Direct Loss and Damage.....

.....
WITNESS our hands, this.....day of.....192..

.....
.....
Appraisers.

.....
Umpire.

When there is question as to the liability of the company under a policy, but it is desired to fix the amount of sound value and loss, leaving the question of liability for determination later, it is the custom for a **Non-waiver Agreement** non-waiver agreement to be executed between the insured and the company interested. This is intended to have the effect of relieving the company from any acknowledgment of liability, or waiver of violation of any of the conditions of the policy. Generally speaking, any act by a company or its representative looking toward the actual adjustment of a claim for loss, taken after knowledge of a violation of some policy condition, or a fraud, may be construed as a waiver thereof unless a non-waiver agreement has been executed.

FORM OF NON-WAIVER AGREEMENT

It is hereby mutually understood and agreed by and betweenJohn and Richard Roe..... of the first part and the....Example Insurance Company.... of.....Hartford.....and other Companies signing this agreement, parties of the second part, that any action taken by said parties of the second part in investigating the cause of fire or investigating and ascertaining the amount of loss and damage to the property of the parties of the first part caused by fire alleged to have occurred on.....May 4th..... shall not waive or invalidate any of the conditions of the policies of the parties of the second part, held by the parties of the first part, and shall not waive or invalidate any rights whatever of either of the parties to this agreement.

The intent of this agreement is to preserve the rights of all parties hereto and provide for an investigation of the fire and the determination of the amount of the loss or damage, without regard to the liability of the parties of the second part.

Signed in duplicate, this ..7th..day of....May....1916.
 John & Richard Roe,.....
by John Roe.....
 Example Insurance Co.,.....
by E. R. Loe,.....
Special Agent....
Victor Insurance Co.,.....
by H. P. Moe,.....
State Agent.....

NON-WAIVER AGREEMENT

(In use in New York City (1922))

Whereas, an early ascertainment of the amount of both Sound Value and Loss or Damage, if any, is desired by both parties to this agreement:

It is hereby mutually understood and agreed by and betweenpar..... of the first part and the.....ofand other Insurance Companies signing this agreement, or assenting hereto, part.....of the second part, that this agreement and/or any action taken by said part.... of the second part in investigating the cause of fire and/or investigating and ascertaining by appraisement or otherwise the sound value of and the amount of loss and damage to the property, described in the policies of the said fire Insurance Companies, situated..... caused by fire alleged to have occurred on..... shall not waive or invalidate any of the conditions of the polic.....of the part.....of the second part, or any forfeiture thereof, and shall not waive or invalidate any rights whatsoever of either of the parties to this agreement.

The intent of this agreement is to preserve the rights of all parties hereto and provide for an investigation of the fire and the determination of the sound value and the amount of the loss or damage, without regard to the liability of the part.....of the second part.

Signed in duplicate, this.....day of.....19...

.....

Subrogation Receipt. When the insurance company is to be subrogated to any rights or claims the insured may have against a third party, the following form of receipt may be executed by the insured:

SUBROGATION RECEIPT.

\$..... Received of the Example Insurance Co., by the hands of....John R. Jones....Agent....Rochester, N. Y... the sum of....Two Thousand (\$2,000).....Dollars, being in full of all claims and demands for loss and damage by fire on the.....4th.....day of.....May.....1916, to the property insured by Policy No....322,496...issued at theRochester, N. Y....Agency of said Company.

And in consideration of such payment the undersigned hereby assigns and transfers to the said Company each and all claims and demands against any person, persons or property, arising from or connected with such loss or damage, (and the said Company is subrogated in the place of and to the claims and demands of the undersigned against said person, persons or property in the premises,) to the extent of the amount above named.

Dated this.....7th.....day of.....May.....1916, atRochester, N. Y.....

(Signed)....John & Richard Roe,....
by John Roe.

ANOTHER FORM OF SUBROGATION RECEIPT

Received of the Victor Insurance Co. the sum of Dollars, being in full of all claims and demands for loss and damage by fire, collision or other casualty, occurring on or about the.....day of....., 192... to the property described and insured by Policy No.....issued atAgency of said Company; and in consideration of such payment the undersigned hereby assigns and transfers to said Company each and all claims and demands against any person, persons or property arising from or connected with such loss or damage, and the said Company is hereby subrogated in the place of and to the claims and demands of the undersigned against said person, persons or property in the premises to the extent of the amount of said payment, which right of subrogation shall

be prior to any right of the undersigned; and the undersigned hereby agrees that said Company may bring suit in the name of the undersigned but to the sole benefit of said Company, and may compromise any such claims and receive any payment deemed expedient by it in full settlement of all claims and demands of any persons, firm or corporation against any person, persons or property without right of intervention or objection by the undersigned; and the undersigned further agrees to execute upon request of said Company any and all forms of release, discharge and agreement of settlement deemed necessary or expedient by the said Company, without interest or right on the part of undersigned unless the amount to be received as consideration for said releases shall exceed the amount of the above payment with all expenses and costs to which the Company may be put in recovering the same, and in such case the interest of the undersigned shall be only to the amount of such excess; it being understood and agreed that the undersigned is to be saved harmless from any expense in connection with the prosecution of such claim or suit, except in case a counter-claim is filed and recovery had on said counter-claim, in which event the undersigned agrees to pay said counter-claim without liability on the part of said Company.

Dated and duly executed by the undersigned this.....
day of.....A. D. 19....

.....
.....

APPORTIONMENTS (NONCURRENT INSURANCE)

Apportionment of insurance which is not concurrent is one of the most vexing and troublesome questions with which adjusters have to deal, and one reason therefor lies in the fact that no rule or rules have been established either by law or custom under which such apportionments may be made without fear of challenge. The difficulties arising in cases of nonconcurrence are so clearly recognized that a number of the states permit on the file page of the standard policy a memorandum reading as follows: "It is important that the written portions of all policies covering the same property read exactly alike. If they do not, they should be made uniform at once."

Many so-called "rules" have been originated, each in-

tended to solve some specific problem of nonconcurrence and subsequently invoked as a precedent, so that there exist today a number of such rules, all having real or fancied merit, by which the adjuster may be guided as the case may seem to warrant, unless he leaves all beaten paths and blazes a new trail; these are set forth in following pages with examples showing their application.

There are two legal maxims which the adjuster will bear in mind in making an apportionment of nonconcurrent insurance—namely, (a) any ambiguity in the terms of a contract shall be construed against the party thereto responsible for its phraseology. (b) Apportionments of nonconcurrent insurance shall be made in the manner most favorable to the policyholder.

Nonconcurrent insurance may be divided into two general groups, namely, simple nonconcurrence and double or compound nonconcurrence.

Simple Nonconcurrence

The term “simple nonconcurrence” covers those cases which come within the following classes:

Where loss occurs on a property covered by specific insurance and by blanket insurance which covers other property as well, there being no loss on the property covered only by the blanket insurance. The rule in such case is that the face amount of such blanket insurance must contribute with such specific insurance to pay the loss. This is known as the “Page vs. Sun” rule.

EXAMPLE

	Value	Loss	Insurance	
A		\$100	(x) 1000	} 2000 (y)
B		nil		
			<hr/>	
			\$3000	
	Ins.			Loss
x	\$1000 (specific on A)			\$33.33
y	2000 (blanket on A and B)			66.67
	<hr/>			<hr/>
	3000			\$100.00

Where loss occurs on a property covered by a single item of specific insurance and as well by blanket insurance which covers in addition other property on which there is no specific insurance, there being a loss also on the property covered only by the blanket insurance. The rule in such case is that the loss on the property covered only by the

blanket insurance is first apportioned to that insurance and the remainder of such blanket insurance then contributes with the specific insurance to pay the loss which both policies cover. This is known as the Cromie rule.

EXAMPLE							
Value		Loss		Insurance			
A		\$100		(x)	1000	}	(y) 2000
B		500				}	
		\$600		\$3000			
		B		A		Total	
		Ins.	Loss	Ins.	Loss	Ins.	Loss
(y)	(Blanket on A and B)	2000	500	1500	60.	2000	560
(x)	(Specific on A)			1000	40.	1000	40
				2500	100.	3000	600

Double Nonconcurrence

The term "double" or "compound nonconcurrence" is intended to include those cases where each of two or more items or classes of property is covered by specific insurance and such property is also within the cover of blanket insurance. There is no generally accepted rule for the apportionment of such nonconcurrences. The following rules are in use:

The Reading Rule. The blanket policy is divided among the several items of property in the ratio of their respective values.

EXAMPLE							
Value		Loss		Insurance			
A	1000	100.		x	1000	}	2000 z
B	1000	500.		y	1000	}	
C	2000						
4000		600.		4000			
A		B		C		Total	
Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
x	1000					1000	66.67
y		1000	333.33			1000	333.33
z	500	500	166.67	1000		2000	200.00
	1500		500.00	1000	nil	4000	600.00

Modified Reading Rule. (A) The blanket policy is divided among the several items of insurance involved in loss in the ratio of their respective values.

EXAMPLE

		Value	Loss		Insurance		
	A	1000	100.	x	1000	}	2000 z
	B	1000	500.	y	1000		
	C	2000					
		<hr/> 4000	<hr/> 600.		<hr/> 4000		
	A			B			Total
	Ins.	Loss	Ins.	Loss	Ins.	Loss	
x	1000	50.			1000		50.
y			1000	250.	1000		250.
z	1000	50.	1000	250.	2000		300.
	<hr/> 2000	<hr/> 100.	<hr/> 2000	<hr/> 500.	<hr/> 4000		<hr/> 600.

Modified Reading Rule. (B) The blanket policy is divided among all classes of property whether involved in loss or not so that as nearly as possible the ratio of insurance to value will be the same on each class as on all together.

EXAMPLE

		Value	Loss		Insurance		
	A	3000	100	w	1000	}	2000 z
	B	3000	500	x	1000		
	C	4000	400	y	1000		
		<hr/> 10000	<hr/> 1000		<hr/> 5000		
	A			B			C
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.
w	1000	66.67					1000
x			1000	333.33			1000
y					1000	200	1000
z	500	33.33	500	166.67	1000	200	2000
	<hr/> 1500	<hr/> 100.00	<hr/> 1500	<hr/> 500.00	<hr/> 2000	<hr/> 400	<hr/> 5000
							<hr/> 1000.00

The Albany Rule. Each item of specific insurance is given contribution from the face amount of the blanket policy. (This rule seems to be out of use, as it should be.)

EXAMPLE

		Value	Loss		Insurance		
	A	1000	100.	x	1000	}	2000 z
	B	1000	500.	y	1000		
	C	2000					
		<hr/> 4000	<hr/> 600.		<hr/> 4000		
	A			B			Total
	Ins.	Loss	Ins.	Loss	Ins.	Loss	
x	1000	33.33			1000		33.33
y			1000	166.67	1000		166.67
z	2000	66.67	2000	333.33	2000		400.00
	<hr/> 3000	<hr/> 100.00	<hr/> 3000	<hr/> 500.00	<hr/> 4000		<hr/> 600.00

The Finn, Griswold or Kinne Rule. The blanket policy is divided among the classes of property in the ratio of the respective losses.

EXAMPLE

	Value	Loss	Insurance		
A	1000	100	x	1000	} z 2000
B	1000	500	y	1000	
C	2000	400	w	1000	
	<hr/> 4000	<hr/> 1000		<hr/> 5000	

	A		B		C		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
x	1000	83.33					1000	83.33
y			1000	250.00			1000	250.00
w					1000	222.22	1000	222.22
z	200	16.67	1000	250.00	800	177.78	2000	444.45
	<hr/> 1200	<hr/> 100.00	<hr/> 2000	<hr/> 500.00	<hr/> 1800	<hr/> 400.00	<hr/> 5000	<hr/> 1000.00

Gradual Reduction Rule. The blanket policy contributes first on its face amount with the insurance covering specifically on the item where the loss is greatest. Its remainder then contributes with the insurance on the item where the next greatest loss occurs, and so on until the loss on all items is apportioned or the blanket insurance is exhausted.

NOTE: Many of the men who have studied this question object to this rule because the blanket insurance contributes in the aggregate on an amount of insurance frequently much in excess of the amount of insurance for which the company received premium, and because it assigns a wholly disproportionate amount of loss to the blanket policy, which is often most nearly correct in form of all the policies on the risk. Furthermore, when certain forms of coinsurance clauses are on the policies, it is the rule most likely to be impossible of application.

EXAMPLE

	Value	Loss	Insurance		
A		100.	x	1000	} 2000 z
B		500.	y	1000	
		<hr/> 600.		<hr/> 4000	

	B		A		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss
x			1000.00	37.50	1000	37.50
y	1000	166.67			1000	166.67
z	2000	333.33	1666.67	62.50	2000	395.83
	<hr/> 3000	<hr/> 500.00	<hr/> 2666.67	<hr/> 100.00	<hr/> 4000	<hr/> 600.00

The Rice Rule. This rule is based on a division of the blanket insurance. The various steps followed are: . The face amount of the blanket insurance is assigned to each specific item of insurance, and a total theoretical amount of

	A		B		C		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
W	1000	166.67					1000	166.67
X			1500	250			1500	250.00
Y					2000	333.33	2000	333.33
Z	200	33.33	300	50	1000	166.67	1500	250.00
	<hr/> 1200	<hr/> 200.00	<hr/> 1800	<hr/> 300	<hr/> 3000	<hr/> 500.00	<hr/> 6000	<hr/> 1000.00

Limit of Liability Rule. In New York City the Committee on Losses and Adjustments uses what is known as the Limit of Liability rule. The statement of this rule follows:

“The sound value of and loss on property insured by each class or kind of insurance having been determined, first find the limit of liability under each class or kind of insurance whether a single policy, or group covering concurrently. If there is any average or coinsurance clause operation this will determine the limit where it applies, if not, such limits will be determined either by the amount of the loss or the amount of the insurance, whichever is the smaller.

“Next, add the limits thus determined. If the sum is in excess of the whole adjusted loss, use this as a basis for a pro rata apportionment. If the sum of the limits of liability is less than the whole loss it is evident that payment by each company must be on the basis of its maximum individual limit of liability, on the principle that the greatest possible collectible loss is due the assured.

“If it should happen that the insurance (blanket and specific) on any certain group of items is charged with a payment in excess of the actual loss on the group, it is obvious that this excess over the actual loss must be reapportioned to the other insurance. Deduct the excess pro rata from one group, and add it pro rata to the other insurance. If this should result in charging any group of insurance with more than its limit of liability, the excess above the limit would have to be apportioned a third time to any groups having unexhausted limits of liability.”

EXAMPLE

	Value	Loss	Insurance			
Building	34,860.00	14,624.00	17,000	A	}	
Stock	8,504.95	8,504.95	3,000	B		
Machinery	19,287.72	8,050.00	9,000	C		
	<hr/> 62,652.67	<hr/> 31,178.95				
						<hr/> 73,000
	90% Coinsurance Clause on A, D and E.					
	80% Coinsurance Clause on B and C.					

			Limit of Liability
A	90% of 34860 = 31374.	$17000/31374 \times 14624$	= 7924.01
B	Insurance is limit.	Loss total to insurance	3000.00
C	80% of 19287.72 = 15430.17.	$9000/15430.17 \times 8050$	= 4695.35
D	90% of 62652.67 = 56287.41.	$16000/56287.41 \times 31178$	= 8847.06
E	Loss is limit 28000		16554.95
			<hr/> 41,021.67

	Limit of Liability	Loss
A	7924.01	6022.78
B	3000.00	2280.19
C	4695.35	3568.78
D	8847.06	6724.35
E	16554.95	12582.85
	<hr/> 41021.37	<hr/> 31178.95

It will be noted that B, C and E constitute all of the insurance covering contents and that the aggregate loss charged to those policies is \$18,431.82, as follows:

B	2280.19
C	3568.78
E	12582.85
	<hr/> 18431.82

The whole amount of the stock and machinery loss as shown at the beginning of this statement is \$16,554.95, so that the policies covering stock and machinery are over-paying the loss on that property by \$1,876.87, as follows:

18,431.82
16,554.95
<hr/> 1,876.87

Following the rule this amount of \$1,876.87 is deducted pro rata from B, C and E and added pro rata to A and D, as follows:

	Loss	Deduct	Add	Reapportionment
A	6022.78		886.74	6909.52
B	2280.19	232.19		2048.00
C	3568.78	363.28		3205.50
D	6724.35		990.13	7714.48
E	12582.85	1281.40		11301.45
	<hr/> 31178.95	<hr/> 1876.87	<hr/> 1876.87	<hr/> 31178.95

The Giesse Rule. First find the limit of liability of each class of insurance, under the average or coinsurance clause, and find the total of those limits (which will usually be somewhat greater than the aggregate loss) by adding them together; then find what each class would pay if it got the full benefit of its contribution clause, i. e., contribution from the face or full amount of all other insurance covering the

whole or any part of the property which itself covers, and find the total of these amounts (which of course will be less than the aggregate loss) by adding them together. We thus find the most each class can be made to pay, and also the least it can possibly get off for. Add the several differences between these pairs of limits, find what proportion of that total the aggregate excess of the upper limits over aggregate loss constitutes, and deduct that proportion of each of the differences from the respective upper limits, to find what each class of insurance shall pay to make up the loss.

EXAMPLE

	Value	Loss	Insurance			
A	8065.72	3383.41	w	2250	} 5250 x }	2750 y
B	3813.76	3604.01				
C	1905.90	500.00	z	1750		
	<u>13785.38</u>	<u>7487.42</u>				12000
	80% Clause All Policies		Average Clause Limit		Contribution Clause Maximum	
w	<u>2250</u>	× 3383.41 =	1179.79	<u>2250</u>	× 3383.41 =	1015.03
	80% of 8065.72			7500		
x	<u>5250</u>	× 6987.42 =	3860.01	<u>5250</u>	× 6987.42 =	3578.92
	80% of 11879.48			10250		
y	<u>2750</u>	× 4104.01 =	2466.50	<u>2750</u>	× 4104.01 =	1157.54
	80% of 5719.66			9750		
z	<u>1750</u>	× 500 = (573.87)	500.00	<u>1750</u>	× 500. =	194.44
	80% of 1905.90			4500		
			<u>8006.30</u>			<u>5945.93</u>
		Aggregate loss	7487.42	Aggregate loss		7487.42
		Excess	518.88	Shortage		1541.49
Shortage	1541.49					
Excess	<u>518.88</u>					
Sum of differences	2060.37					
	Average Clause Limit	Contribution Clause Minimum		Difference Between Limits		
	1179.79	1015.03		164.76		
	3860.01	3578.92		281.09		
	2466.50	1157.54		1308.96		
	500.00	194.44		305.56		
	<u>8006.30</u>	<u>5945.93</u>		<u>2060.37</u>		
	Difference Between Limits			Application of Excess		
	164.76	×	25.1837	=	41.49	
	281.09	×	25.1837	=	70.79	
	1308.96	×	25.1837	=	329.65	
	305.56	×	25.1837	=	76.95	
	<u>2060.37</u>				<u>518.88</u>	

	Average Clause Limits	Excess to be Deducted	Amount of Loss Applying to Each Class of Insurance
w	1179.79	41.49	1138.30
x	3860.01	70.79	3789.22
y	2466.50	329.65	2136.85
z	500.00	76.95	423.05
Total	8006.30	518.88	7487.42

Apportionment

w	Ins. 2250	Average Clause Limit	1179.79	
		Less excess as above	41.49	
		Loss		1138.30
x	Ins. 5250	Average Clause Limit	3860.01	
		Less excess as above	70.79	
		Loss		3789.22
y	Ins. 2750	Average Clause Limit	2466.50	
		Less excess as above	329.65	
		Loss		2136.85
z	Ins. 1750	Average Clause Limit	500.00	
		Less excess as above	76.95	
		Loss		423.05
		Total		7487.42

The Morristown Rule. This rule starts each policy at its lower limit as found by the Giesse rule, and then distributes to each, pro rata, the loss remaining unpaid, if necessary, until each reaches its coinsurance clause limit.

EXAMPLE

	Value	Loss	Insurance							
A	8065.72	3383.41	w	2250	}	x	5250	}	y	2750
B	3813.76	3604.01								
C	1905.90	500.00	z	1750						
	13785.38	7487.42								
12000										
All policies subject to 80% Average Clause.										
Contribution Clause Minimum			Average Clause Limit							
	2250			2250						
w	7500	× 3383.41 = 1015.03		80% of 8065.72	× 3383.41 = 1179.79					
	5250			5250						
x	10250	× 6987.42 = 3578.92		80% of 11879.48	× 6987.42 = 3860.01					
	2750			2750						
y	9750	× 4104.01 = 1157.54		80% of 5719.66	× 4104.01 = 2466.50					
	1750			1750						
z	4500	× 500.00 = 194.44		80% of 1905.90	× 500.00 = 500.00					
		5945.93								8006.30
Aggregate Loss		7487.42								
		1541.49								

Contribution Clause		Deficit	Sum of Contribution
	Minimum		Clause Minimum and Excess
w	1015.03	263.15	1278.18
x	3578.92	927.84	4506.76
y	1157.54	300.09	1457.63
z	194.44	50.41	244.85
	<u>5945.93</u>	<u>1541.49</u>	<u>7487.42</u>
Sum of Contribution		Coinsurance Clause Limits	Excess Over
	Clause Minimum and Deficit		Coinsurance Limits
w	1278.18	1179.79	98.39
x	4506.76	3860.01	646.75
y	1457.63	2466.50	
z	244.85	500.00	
	<u>7487.42</u>	<u>8006.30</u>	<u>745.14</u>

It will be noted that the amount apportioned to "w" and "x" exceed the coinsurance limits, and a reapportionment of the excess is necessary, as follows:

Apportionment of Excess		Total
y	1457.63	2095.60
z	244.85	352.02
	<u>1702.48</u>	<u>2447.62</u>

Final Apportionment

Insures		Pays	
w	2250	1179.79	Coins. Limit
x	5250	3860.01	Coins. Limit
y	2750		
} Plus Excess above		1457.63	
		<u>637.97</u>	2095.60
z 1750 } Plus Excess above		244.85	
		<u>107.17</u>	352.02
Total		<u>7487.42</u>	

It will be seen from the foregoing that the most noticeable development in rules for apportionment of noncurrent insurance has been the increasing use of the coinsurance or average clause limit as an important factor in solving the problem. Before such clauses came into general use there were but two limits on a company's liability, namely (a) the amount of the insurance and (b) the amount of the loss; but the limit reached by the operation of the coinsurance or average clause is of equal force—hence the development is a natural one in connection with nonconcurrences involving policies containing such a clause.

CHAPTER VIII

THE POLICY CONTRACT

(Old and New New York Standard)

INDEMNITY—INSURABLE INTERESTS—UNIVERSAL CONTRACT—LOSS BY FIRE—CASH VALUE—REPAIR OR REPLACE—SALVAGE—CONCEALMENT OR MISREPRESENTATION—INTEREST NOT TRULY STATED—POLICY VOID—CEASE OPERATIONS—HAZARD INCREASED—INTEREST NOT SOLE AND UNCONDITIONAL—VACANCY AND UNOCCUPANCY — APPLICATION A WARRANTY — DUTY OF INSURED—IN CASE OF FIRE—IN CASE OF LOSS—PROOF OF LOSS—PLANS AND SPECIFICATIONS—MAGISTRATE'S CERTIFICATE—EXHIBIT REMAINDER—PRODUCE BOOKS AND VOUCHERS—APPRAISAL—CONTRIBUTION—SUBROGATION.

The policy of fire insurance is one of the most important and universal contracts in the world, and in the fire insurance business it is of the most vital importance, since it constitutes the visible and tangible evidence of the goods sold; the bridge between company and its insured; the charter of their respective rights and privileges and the rock of safety or of wreck in their mutual relations. Even the simplest and clearest language may be interpreted in more than one way, hence it is not strange that opinions differ regarding portions of the standard policy.

There are a few fundamental facts that it is well to bear in mind in considering this subject.

A policy of fire insurance is a personal contract of indemnity. It does not insure property. It insures the owner of property against loss thereof by fire. It does not agree to pay a stated sum in case of fire, but to reimburse the insured, in whole or in part, for a loss occasioned by fire damaging or destroying the particular property specified in the policy. The amount for which a policy is written is the limit, not the measure of loss payable thereunder. The policy by its terms provides in case of fire for the payment of the "actual

cash value of the property damaged or destroyed with proper deduction for depreciation however caused." It does not contemplate that the insured shall profit by the occurrence of a fire. Consequential damage is not covered, such as loss of trade, inability to use the building, etc., unless liability for such damage has been specifically assumed, which is usually done if at all under a separate contract.

The policy being a contract for indemnity only, if fire occurs and the insured loses nothing, then he has no claim. It follows, therefore, that there must be an insurable interest in order to sustain a valid claim.

Indemnity Only

Insurable Interest. Generally speaking, if in given property one has a tangible interest of recognizable value, which fire can destroy or impair, then he has an insurable interest which may be separately covered under a properly drawn form of policy.

It does not necessarily involve ownership of the property itself, but may be any direct financial interest in property whereby destruction of the latter will cause a loss either of profit, possession and use, security or other benefits which depend on its continued existence.

The interests in realty most frequently covered by fire insurance are those of the owner and mortgagee, and, in such case, the policy is usually written in the name of the owner, with loss, if any, payable to the mortgagee. There are, however, many interests which may be the subject of specific insurance by the owners thereof and among them may be mentioned the following:

Realty

The building.	A reversionary interest.
The rents.	Use and Occupancy.
The rental value.	Improvements.
Advanced rents.	Mortgagee interest
Ground rents.	Guarantor's interest.
Leasehold interest.	Lienor's interest.
A fractional interest.	Contractor's interest.
A life interest.	Vendor under contract.*
An undivided interest.	Vendee under contract.*
Liability for repairs or restoration.	

Various contingent liabilities, for example, failure of owner to maintain insurance to protect the mortgagee.

*The vendor in possession is considered the owner of property, but if the vendee comes into possession, then he is considered the owner.

These may be insured against loss by fire or lightning, or by tornado; and there are other special insurable interests which may be covered in certain cases.

The interests in personal property commonly covered by fire insurance are those of the owners, part owners, or joint owners, the policies being written in their names.

Personalty There are a variety of subjects of insurance which may be separately covered. Among these may be mentioned:

The property itself, such as machinery, stock, fixtures, furnishings, materials, tools and supplies, patterns, drawings, dies, household furniture, collections, personal effects, etc.

Property held in trust or on commission or consignment or on joint account or sold but not removed, and in general any liability for property belonging in whole or in part to others.

Labor performed and materials expended on property of others.

Profits or commissions on property sold, or held for sale, or which would have been available for sale but for the fire.

Interest and/or liability of pawnbrokers, warehousemen, wharfingers; common carriers, judgment creditors, lienors, lessors or patentees.

Property in the hands of courts, sheriffs, receivers, trustees and others similar.

Chattel mortgage interest is usually uninsurable as such, though loss, if any, under a policy is often **made payable** to a chattel mortgagee. Many companies make a distinction between purchase money mortgages and other kinds, the former being regarded more favorably.

The interest of a bank or loaner of money on personal property is not usually insured separately, but loss, if any, under the policy is often made payable to a bank or lender as giving additional security.

It seems proper to call attention to the fact that the fire insurance policy is a contract for use in covering any of the different classes of property and interests that are in existence and insurable, and that the necessity or desirability of having but one standard form of policy for all classes requires the inclusion of clauses which are not always applicable to

**Universal
Contract**

every risk insured. Some apply to realty only, some to personality only, others to both. The language used is in the endeavor to fit the policy to whichever or whatever class of property is the subject of insurance.

Again, all classes and kinds of people are insured, and many of the restrictions and conditions are intended for use and safeguard against the unfair or dishonest claimant, who seeks that to which he is not in equity entitled. By far the great majority of losses are adjusted and paid amicably and satisfactorily to all concerned; but where an improper claim is made the company needs the protection of every condition, for it is always at a serious disadvantage with the insured, who knows the facts which the company can only suspect or surmise, and that it can learn only by invoking the aid of the policy conditions.

What may be termed the "old" New York Standard policy was established by law in 1886 and has served as a model for most of the fire insurance policies in use in the various States of the United States. Almost every line of it has been adjudicated.

The "new" New York Standard policy was made effective as of January 1, 1918, and only a few of its conditions have been interpreted by the courts.

It would be manifestly impossible within this small compass to give adequate treatment of the various provisions, but a brief review and comparison of those which most come in question in agency work may serve as a guide to those who have not made a study of the subject.

LOSS BY FIRE

"Does insure * * * against all direct loss or damage by fire." Two conditions will be noted in the foregoing language, namely, that the loss shall be "direct" and that it shall be caused "by fire," and this language is used both in the old and the new standard policy.

Direct Loss. The word "direct" here has the meaning of proximate. The fire itself, or those things which are an accompaniment of a fire, must be the actual cause of the loss. Thus damage caused by heat or smoke from a hostile fire, or by firemen endeavoring to extinguish the flames, or by rain

or other of the elements as the result of a fire, are all covered by the policy and constitute a proper claim thereunder. On the other hand: Loss of trade, or of use of building, or of leasehold interest, or of rents, are not covered (unless liability is specifically assumed), for such are held to be indirect, not direct losses.

One of the federal courts in defining fire, as meant in an insurance policy, said, "Fire is oxidation which is so rapid as to produce flame or glow. Fire is always caused by combustion, but combustion does not always cause fire. No definition of fire can be found that does not include the idea of visible heat or light, and this is also the popular meaning of the word."

Fires are commonly divided into two classes: "Friendly" and "Hostile." By a friendly fire is meant one that is confined to the place where it is intended to be, such as in a lamp, gas jet, stove, fireplace, furnace, etc., and any damage done by such a fire so confined, or by smoke, heat or soot therefrom, is not intended to be covered by a fire policy. If, however, fire escapes from its proper confines and causes ignition, so much as is outside its intended limits is a hostile fire. Such a fire is presumed to be an accident, and a hostile or accidental fire is what is contemplated in the policy cover. As illustrative: If a lace curtain ignites from a gas jet, or combustible material catches fire from contact with a stove, the losses caused thereby to other property are covered. But loss caused by heat, steam, smoke or soot escaping from their proper places is not covered, such, for example, as smoke from a lamp or register, or steam from a broken pipe. An explosion is not to be considered a fire as contemplated in the policy and damage by explosion is not covered unless such explosion is the result of a hostile fire.

An eminent adjuster gives the following definition of loss by fire:

"Within the meaning of an ordinary policy of insurance the word 'fire' must be construed in its ordinary popular sense, and not be given such technical or restricted meaning as might be applied to it upon scientific analysis. There must be something besides mere combustion; the element of flame or glow must be present. The fire must be without intent on the part of the insured or his responsible agent to injure the property;

it must be accidental with respect to the insured. If intentionally kindled for a useful purpose in a place specially designed or provided, the fire does not change its character because the flame extends unusually high, or the heat becomes excessive, or smoke escapes therefrom and causes damage. The fire must be hostile as distinguished from what is universally regarded as friendly, and it must be the proximate and not the remote cause of the loss.

If a hostile fire causes an explosion, the fire is held to be the efficient cause of the whole loss which ensues in the premises where it originates when its effects are produced in direct sequence, though one of the incidents of the sequence may be an explosion, on the theory that it could not have been intended to nullify such predominant cause by the explosion exemption provision.

If, as the result of a hostile fire the concussion of the air causes damage to neighboring property, the explosion or concussion, and not the fire, is held to be the proximate cause of the loss. If a friendly fire causes an explosion, none of the damage resulting can be regarded as a loss by fire." (Bament, "What is a Fire Loss," Ins. Soc. of N. Y.)

The new standard policy also assumes direct loss or damage "by removal from premises endangered by fire," which was assumed in somewhat different terms under the old standard (see lines 60-66). Both policies extend their cover, though in different language, "pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from fire." This provision has the same effect as the distribution clause (see index).

CASH VALUE

Old N. Y. Standard. "This company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated according to such actual cash value, with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost the insured to repair or replace

the same with material of like kind and quality;”
“Nor, beyond the actual value destroyed by fire, for
loss occasioned by ordinance of law regulating con-
struction or repair of buildings, or by interruption of
business, manufacturing processes, or otherwise;”

New N. Y. Standard. The company insures

“To the extent of the actual cash value (ascertained with
proper deductions for depreciation) of the property at the
time of loss or damage, but not exceeding the amount which
it would cost to repair or replace the same with material
of like kind and quality within a reasonable time after
such loss or damage, without allowance for any increased
cost of repair or reconstruction by reason of any ordinance
or law regulating construction or repair and without com-
ensation for loss resulting from interruption of business or
manufacture.”

To give a definition of “actual cash value” which could be applied to every case presented would be as difficult a task as to devise one schedule for rating all classes of risks. Value depends on so many things and such a variety of conditions that it seems impracticable to do more than throw some side lights on the methods in practice for its determination. This is attempted because of the necessity of understanding how to approximate the actual cash value (often termed sound value) in order to decide the amount of insurance to be carried, particularly where the coinsurance or average clause is made a part of the contract.

**Sound
Value**

The language of the policy itself endeavors to make this subject clear, for it first refers to actual cash value, then states that depreciation must be considered, and finally contains the condition that the value shall never exceed the cost of repair or replacement. Since the contract is one of indemnity for direct loss, it is clear that the actual cash value should never be considered greater than the amount which will make good to the insured, without gain and without consideration of sentiment, or affection, that which has been destroyed, and

Cost of

Replacement

shall not include indirect or consequential loss unless liability for such loss is specifically assumed or covered by the policy; also, that the same measure should be used in determining the value of property undamaged and the value of property damaged or destroyed.

Actual cash value is sometimes construed as the equivalent of market value at the time and place of fire; losses on whiskey in bond, finished leather, grain, sugar and other commodities, which have a ready sale and recognized daily market value, are almost always settled on the basis of the market value on the date of the fire, with proper deductions for the cost, if any, of getting them to market. At other times it is cost of reproduction as in the case of manufactured goods at the factory, and again it is replacement cost less depreciation. It is not contemplated that old shall be replaced with new, for that would mean pecuniary gain to the insured; nor that property depreciated in value from whatever cause shall be considered worth the cost of restoration: Neither is the value to be fixed at what a junk shop or second hand dealer would give, nor what it would bring at forced sale. What one pays for property does not necessarily fix its value, for the insured is entitled to the benefit of a bargain, and declines or advances in values from whatever cause are factors to be considered.

Building values are quite generally determined by ascertaining the cost of replacement and deducting depreciation properly chargeable on the building damaged or destroyed. If justified by the extent of the loss it is proper to add an allowance for architects' fees and the cost of removing debris caused by fire. If the original cost is taken then increases or decreases in the cost of materials and labor are to be considered. Commercial depreciation is often taken into account as in the case of a building not suitable to its location or to the purpose for which it is erected. Builders, associations and boards of trade from time to time have tried to formulate some plan of percentage reduction according to age that would be acceptable as an average, but so many factors other than age enter into the question that no such table has proven satisfactory, hence the judgment of a competent builder, or agreement between owner and adjuster, usually prevails. In case of partial losses to buildings it would seem that the same depreciation should be deducted from cost of repair

Market Value

Realty

in arriving at the insurance loss as from replacement in arriving at sound value, but as a practical matter this does not always obtain. A building is not necessarily of any greater value because some portion of it has been rebuilt with new material, hence the companies frequently allow the entire cost of repairs. But in the case of plastering, painting and roofing depreciation is often deducted, because such elements of a building have a more or less well defined life and new plaster, paint or roofing really add to the value. In some states having valued policy laws, the amount of insurance on the building is considered to be its value, and this is generally true of all property insured under a valued form of policy, providing the property burned is actually that which is described in such policy.

The value of machinery and fixtures in use is usually determined by the net cash market cost of replacement, less depreciation on account of age and condition,

Personalty which in the case of articles that are out-of-date, old-fashioned, etc., would be very heavy.

On the other hand, the value of a stock of machinery in the manufacturer's hands would ordinarily be the cost of reconstruction, and in a dealer's hands the cost of replacement. With all stocks of goods the net cash market value of new goods of like kind and quality, after deducting depreciation for age, salability, change of fashion, shopworn condition, etc., is usually considered to be the value.

One of the most troublesome classes of personal property on which to fix the actual cash value is the contents of a dwelling house. It is evident that certain fur-

Household niture depreciates slowly, some little, if any,
Furniture and some actually appreciates in value, such as genuine antiques, some good pictures and

fine rugs. Other articles depreciate in value rapidly, such as hangings, carpets, linen and clothing, especially women's dresses and hats. One experienced adjuster gives it as his opinion that with the average household a fair valuation of all clothing is 50% of the original cash cost price; some things are new, some half-worn, some practically valueless, and his thought is that by and large this figure strikes the happy medium which is equitable.

Cost to replace does not necessarily mean instant, but may mean within a reasonable time, and it should always be borne in mind that when figuring cost of replacement the lowest cash price is to be taken, for the reason that the insured when paid his loss has the cash in hand with which to obtain all the discounts possible.

REPAIR OR REPLACE

Old N. Y. Standard. "It shall be optional, however, with this company to take all, or any part, of the articles at such ascertained or appraised value, and also to repair, rebuild, or replace the property lost or damaged with other of like kind and quality within a reasonable time on giving notice, within thirty days after the receipt of the proof herein required, of its intention so to do; but there can be no abandonment to this company of the property described."

The New New York Standard policy condition is almost identical in form with the above (see lines 176-184).

It is not customary for a company to exercise its right to repair, rebuild or replace property damaged or destroyed. Occasionally, buildings in the larger cities are repaired or rebuilt and when the work is done it is customary and, indeed, necessary, for the company to require the contractor to obtain from the insured a satisfaction piece, so-called, that is, a signed statement stating therein that the work done is satisfactory or is acceptable.

Occasionally, the value of a stock is agreed upon and the salvage then sold "for account of whom it may concern," the money received, less expenses, going to the insured and the companies making up the remainder of such loss as is due under the conditions of the policies. Again the companies may pay to the insured the entire sound value and take the salvage to be sold for their account. Either action is, however, optional with the companies, for the insured can not insist on anything but the amount of the actual loss, and must himself handle or be responsible for the salvage, if any, unless the companies elect otherwise, for "there can be no abandonment to this company of the property described." (See also Duty of Insured in Case of Loss.)

“THIS ENTIRE POLICY SHALL BE VOID

Old N. Y. Standard. If the insured has concealed or misrepresented, in writing or otherwise, any material fact or circumstance concerning this insurance or the subject thereof; or if the interest of the insured in the property be not truly stated herein; or in case of any fraud or false swearing by the insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.”

The New N. Y. Standard policy is identical except that it omits the words “in writing or otherwise” and “or if the interest of the insured in the property be not truly stated herein,” it being considered that both of these are covered under other provisions.

The provision regarding concealment is construed to mean a willful, intentional concealment or misrepresentation, and “material” to mean in this sense substantial or important, as distinguished from trivial. Likewise fraud or false swearing must be material, not trivial, to avoid the policy.

The provision regarding interest truly stated means in general if the interest be untruly stated. For example, the policy is void if the interest is stated to be that of sole and unconditional owner, and it develops that the interest is that of guardian or trustee only.

Both the old and the new standard policies specify certain kinds of property which cannot be covered at all under any circumstances, viz.: “accounts, bills, currency, deeds, evidences of debt, money, notes, or securities.”

They also specify certain kinds of property which are not covered unless liability is specifically assumed, the language being as follows:

Old Standard. “Nor, unless liability is specifically assumed hereon, for loss to awnings, bullion, casts, curiosities, drawings, dies, implements, jewels, manuscripts, medals, models, patterns, pictures, scientific apparatus, signs, store or office furniture and fixtures, sculpture, tools, or property held on storage or for repairs.”

New Standard. “Nor unless specifically named hereon in writing, bullion, manuscripts, mechanical drawings, dies or patterns.”

It will be noted that the new standard is much broader in its cover than the old, having narrowed the list of kinds of property not covered unless specifically named to those which experience shows are of such a nature as to require special cover or provision. The value of bullion, manuscripts, drawings, dies and patterns is of such uncertain nature that it is preferable for both insured and company to have some special understanding regarding their cover rather than to bring them under the general cover of the policy, especially where coinsurance conditions prevail.

We now come to a very important difference between the old and the new standard policies. Under the old standard the policy was rendered void by a violation of any one of fourteen conditions, which under the new standard are reduced to five, the others rendering the policy void only during the violation, and automatically reinstating it when the violation ceases.

The Old Standard policy reads:

“THIS ENTIRE POLICY UNLESS OTHERWISE PROVIDED BY AGREEMENT INDORSED HEREON OR ADDED HERETO SHALL BE VOID • •

The New Standard policy reads:

“THIS ENTIRE POLICY SHALL BE VOID, UNLESS OTHERWISE PROVIDED BY AGREEMENT IN WRITING ADDED HERETO.”

The five conditions which are identical in substance are as follows:

“* * if the interest of the insured be other than unconditional and sole ownership.” This requires that the interest

Ownership Interest	be clearly set forth. It does not mean that the building or personal property at No. 24 John Street must be owned by the insured, but if he does not own it solely and unconditionally then the policy must state what his interest is therein, such as a half interest or trustee interest, etc. One method of stat-
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ing the insured's interest is to use the general phrase "as interest may appear," which broad clause will cover his interest of whatever name or nature.

The following may be cited as examples of conditions, each of which effects a change in ownership that avoids the policy:

- (a) Sale of the property.
- (b) An assignment for the benefit of creditors.
- (c) The appointment of a trustee in bankruptcy; though the appointment of a receiver in bankruptcy is not usually considered a change of ownership.
- (d) If a co-partnership takes in a new partner, but not if instead one retires.
- (e) Contract of sale where vendee is given or takes possession.

Contracts of Sale. An executory contract of sale, without change of possession, is not a breach of the policy conditions referring to change of "interest, title or possession." Loss will usually fall on the vendor if a building is damaged by fire between the making of the customary contract of sale and the delivery of the deed.

On the other hand, if the vendee under such a contract is let into possession, there is a breach of condition. A well-known authority states, "the test is said to be whether the vendor has parted with absolute control and dominion over the subject of insurance, and where a formal delivery of the deed is delayed for convenience only, such a vendee becomes an equitable owner and liable for any loss; and the vendor in such case cannot enforce his insurance because there has been a change of title or possession." (See *.)

Where the interests of both parties to a contract of sale of realty are to be protected under the same fire insurance policy, there are two methods which may be chosen:

First. To write the policy in the names of the vendor and the vendee, as interest may appear.

Second. To write the policy in the name of the one in possession, whether vendor or vendee, with loss payable to the other party to the contract, as interest may appear.

*Edgar J. Nathan, "OWNERSHIP": Insurance Society of New York.

One reason for this general condition is to prevent an insured from collecting on the basis of entire value of property when he is in fact only a part owner and therefore only a part loser in case of its destruction.

“If the subject of insurance be a building on ground not owned by the insured in fee simple;”

In such cases the insured might be tempted to permit a destruction of the building in order to collect the value thereof from the insurance before the property passed from his possession. Under this provision a policy on building standing on leased land is void “unless otherwise provided.”

“If with the knowledge of the insured foreclosure proceedings be commenced or notice given of sale of any property * * * by reason of any mortgage or trust deed;”

Such action tends to increase the possibility of moral hazard for obvious reasons and introduces a new and material interest and condition of which the insurance company is entitled to have notice.

“If any change, other than by the death of an insured, takes place in the interest, title or possession of the subject of insurance (except change of occupants without increase of hazard).”

Such a change brings a different condition that may affect the desirability of the risk and affect the contract as a whole (see remarks under “sole and unconditional ownership”).

“If this policy be assigned before a loss.”

This would change the most essential feature of the contract, which is a personal one. If permitted without notice to or consent of the company it would have no opportunity to select the parties holding its policy contracts or to pass upon their reliability.

The remaining conditions which are grouped under the general heading voiding the policy in the old standard, are, in the new standard policy grouped under the following heading:

“UNLESS OTHERWISE PROVIDED BY AGREEMENT IN WRITING ADDED HERETO THIS COMPANY SHALL NOT BE LIABLE FOR LOSS OR DAMAGE OCCURRING.”

“(a) While the insured shall have any other contract of insurance, whether valid or not, on property covered in whole or in part by this policy;”

(Compare with lines 11-13, old standard.)

In many cases companies are willing to insure only when the amount of total insurance carried is limited, hence the necessity of this provision.

“(b) While the hazard is increased by any means within the control or knowledge of the insured.”

(Compare with lines 14-15, old standard.)

It is the assumption that the rate at which a policy is issued is based on the conditions existing at the time of issuance, and upon their continuance during the life of the policy in practically unchanged form, and that it is inequitable to continue a contract covering increased hazards without the consent of the company and a consideration satisfactory to it. Authorities generally hold it is not intended that an incidental, temporary increase of hazard shall void the policy, but that a change in the premises or their use or exposure must be more or less permanent in character, or continued for a period of time that cannot be considered as merely temporary, before same is voided. The use of a tin chimney while a brick chimney was being erected or repaired would be a temporary increase of hazard that would not void the policy. The increase must be material, not merely trivial, and be of relative importance, and as such may be within the premises or adjacent thereto. The installation of a power wood-sawing machine in a store or the erection of a planing mill a few feet distant would be a material increase of hazard; but sawing wood with a buck saw or building a dwelling 10 feet distant, would not usually be considered a material increase. The insured should promptly notify the company when an increase of hazard

Hazard

Increased

Must Be

Material

comes to his knowledge; by "promptly" is meant within a reasonable time or without undue delay.

The policy specifies a number of things which are presumed to increase the hazard either from a physical or moral standpoint, and this may be noted by reading the entire paragraphs of which the foregoing quotations are a portion. It is manifestly implied by these specified things which are presumed to increase the hazard and thus void the policy that the general phrase "increase of hazard" refers also to things other than physical, and courts have held that an increase in moral hazard, or what might be termed personal hazard, known to the insured and not reported to the company voided the policy. One such case was where enemies had threatened to burn all of a man's property, having already set fire to one of his buildings. This seems an extreme case, and, generally speaking, it is the physical hazard that is thought of in connection with this general term.

An insured is usually considered responsible for the acts of his duly authorized agent; therefore knowledge coming to such agent while acting within the scope of his authorized work is considered knowledge on the part of the insured.

It should be borne in mind that the old standard policy is voided by breach of this condition, while under the new standard the company is not liable during the breach. The foregoing remarks apply to either form.

"(c) While mechanics are employed in building, altering or repairing the described premises beyond a period of fifteen days;"

(Compare with lines 15-16, old standard.)

This provision is necessary because in many cases where mechanics are employed for longer than 15 days the resulting increase of hazard requires an extra premium in order to compensate the company for the extra risk.

"(d) While illuminating gas or vapor is generated on the described premises; or while (any usage or custom to the contrary notwithstanding) there is kept, used or allowed on the described premises fireworks, greek

fire, phosphorus, explosives, benzine, gasoline, naphtha or any other petroleum product of greater inflammability than kerosene oil, gunpowder exceeding twenty-five pounds, or kerosene oil exceeding five barrels;”

(Compare with lines 22-28, old standard.)

This provision is proper because of the marked increase of hazard resulting from their presence in a risk.

“(e) If the subject of insurance be a manufacturing establishment while operated in whole or in part between the hours of ten P. M. and five A. M., or while it ceases to be operated beyond a period of ten days;”

(Compare with lines 13-14, old standard.)

The question is often asked, if a factory is not operating on the date a policy takes effect and so continues for more than ten days, is the policy thereby rendered void? From the wording of this condition it is clear that the policy is void under the old N. Y. Standard only when operations cease subsequent to the date when policy takes effect, but the policy may be voided in such case because of the concealment of a material fact. Under the new standard the company would not be liable under the conditions shown in caption. Hence, for safety a permit should be attached.

Privilege to “cease operations” in such case would be technically ineffective, for being already idle it cannot cease operations. For this reason the permit is often worded,

“Privilege granted to cease operations or to remain idle for a period of not exceeding days at any one time.”

“Cease to be operated” is usually defined as a condition where the factory is not producing goods. A manufacturing plant is not usually in operation when merely the office force and shipping department are at work, or workmen are busy making repairs. A plant has “ceased operations” when it is “shut down” as that phrase is commonly used by manufacturers.

“(f) While a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of ten days;”

(Compare with lines 28-30, old standard.)

The terms "Vacancy" and "Unoccupancy" are not synonymous: A vacant building is one that is empty—one void of all but rubbish or waste paper or other similar things; an unoccupied building is one that may have therein the things usual to it, but which has not the presence of human beings in the customary way.

Vacancy
and
Unoccupancy

As applied to a dwelling house, unoccupancy has been defined as "lacking the habitual presence and continued abode of human beings within it." The New York Court of Appeals in defining occupancy says, "For a dwelling house to be in a state of occupation, there must be in it the presence of human beings as at their customary place of abode, not absolutely and uninterruptedly continuous, but that must be the place of usual return and habitual stoppage."

Periodical inspection does not constitute occupancy, nor does the presence of a caretaker during the day. Some authorities hold that a caretaker living in a house does not render it "occupied," and most will agree that it is not occupancy in any proper sense; on the other hand, if servants, as distinguished from mere caretakers, are living in a house and maintaining it in constant readiness for the owner's (or tenant's) presence, then it is usually considered to be occupied within the meaning of the policy.

The occupation of a tenant house on a farm, even where the outbuildings are in use, does not constitute occupancy of the main dwelling; nor would occupancy of the main dwelling and outbuildings constitute occupancy of the tenant house.

A store, even though filled with goods, is not occupied unless it is open for trade in the customary manner. On the other hand, a school is not usually considered unoccupied during the vacation period, even though no human beings are in it. A church is usually considered occupied if services are held in it at regular periods.

"(g) By explosion or lightning, unless fire ensue, and, in that event, for loss or damage by fire only."

(Compare with lines 34-35, old standard.)

This clause in the new N. Y. Standard policy covers a fire loss following one by explosion or lightning, whereas under

the old N. Y. Standard form the lightning cover had to be assumed by attaching a rider.

"If an application, survey, plan, or description of property be referred to in this policy it shall be a part of this contract and a warranty by the insured."

(Omitted from new New York Standard Policy.)

If the form reads, "as per application" or "as described in survey" or "as shown on plan" or any similar language, the insured is bound by the information given **Application** or the statements made in such documents even **a Warrantee** more than if made in the form itself, for these documents become warranties by the insured, and a warranty must be lived up to or the policy is void. If the insured warrants that a building has a shingle roof and the roof is actually of tin, the policy is void strictly speaking, although, of course, few companies would care to take advantage of the avoidance on such grounds.

The Old N. Y. Standard policy provides that unless otherwise endorsed it shall be void

"If the subject of insurance be personal property and be or become encumbered by a chattel mortgage."

This was felt to be an unnecessarily harsh provision, since a chattel mortgaged piano, for example, if included in a household furniture policy would void the entire contract.

Hence in drafting the **New N. Y. Standard** the provision was changed to read as follows:

"Unless otherwise provided by agreement in writing added hereto this company shall not be liable for loss or damage to any property insured hereunder while incumbered by a chattel mortgage, and during the time of such incumbrance this company shall be liable only for loss or damage to any other property insured hereunder."

Old N. Y. Standard: "If a building or any part thereof fall, except as the result of fire, all insurance by this policy on such building or its contents shall immediately cease."

This is unchanged in the **New N. Y. Standard** except for the insertion of the word "material" before "part," thus bringing the policy condition in line with court decisions that a substantial part of the building must fall in order to terminate the insurance.

The conditions relating to added clauses and provisions, to waiver and to pro rata liability are substantially alike in both standard policies and need no special comment here (see chapter on Waiver and Estoppel).

The conditions relating to cancellation of policy and to mortgage interest are felt of sufficient importance to require separate treatment (see Index).

"Noon." The new N. Y. Standard policy contains an interpretation of the word "noon" as meaning "noon of standard time at the place of loss or damage." Under most judicial constructions noon has heretofore meant solar instead of standard time and with the introduction of daylight saving time it was felt desirable to have a clear definition in the policy so that all doubt should be removed.

For convenience of reference the duties of the insured in case of fire and in case of claim for loss are grouped together.

DUTY OF THE INSURED IN CASE OF FIRE

"This company shall not be liable for loss caused * * by neglect of the insured to use all reasonable means to save and preserve the property at and after a fire or when the property is endangered by fire in neighboring premises;"

This charges the insured with the duty of taking such reasonable measures to put out the fire as common sense would dictate, such as giving the alarm, using available means for extinguishing the flames, as, for example, the water pails, chemical extinguishers, standpipe and hose, etc., but it does not require him to endanger life and limb. In some sense this duty is a public one, quite apart from any question of insurance, for fire may spread from his premises to those adjoining; in France and some other countries he would be liable for damage to the property of others caused by a fire that originated on his premises.

It is even anticipated that in the exercise of this duty the insured will remove to a place of safety property endangered by fire in neighboring premises, for both the old and the new standard policies specifically assume liability for five days when property is so removed.

**Removal
to Safety**

When property is so removed "loss by and expense of removal from premises endangered by fire" is a proper and valid claim on the insurance, within reasonable limits.

The duty also extends after the fire and requires the insured "to use all reasonable means to save and preserve the prop-

**Prevent
Further
Loss**

erty." Therefore, it is not a proper fulfillment of his contract if the insured does nothing to prevent further damage—beyond that caused by fire and water. He should not "let everything stay just as it is until the insurance people come" as so often is said, but should dry out goods that will otherwise spoil or mildew, oil or grease machinery to keep it from rusting and do all the other things that a careful and prudent man would do if uninsured. A reduction of losses as a whole will bring about a reduction in the cost of insurance as a whole. The theory of this condition whereby the company is not liable for neglect of the insured is that loss resulting therefrom is not a loss caused directly by fire, but rather by the insured's lack of care. Wilful neglect of the insured to protect property comes perilously near to being fraud.

DUTY OF THE INSURED IN CASE OF LOSS

When loss occurs there are certain things which the insured **MUST** do, and others which he may be required to do upon notice from the company. The unconditional duties are:

"To give immediate notice in writing" to the company; This is held to mean "within a reasonable time," and notice to the agent is notice to the company, although such notice is sometimes sent direct to the company by registered mail.

"Protect the property from further damage;" This has been referred to elsewhere and emphasizes the duty of the insured to "save and preserve the property from further damage."

“Forthwith separate the damaged and undamaged personal property, put it in the best possible order;”

“Make a complete inventory of the same, stating the quantity and cost of each article and the amount claimed thereon;”

The New N. Y. Standard policy provides that the insured shall “furnish” a complete inventory of damaged, undamaged and destroyed property, thus leaving no question that the inventory shall be complete and shall not merely be made but actually furnished to the company.

The law does not ask impossibilities; the insured must use every reasonable effort to comply with this requirement, but where the facts cannot be ascertained exactly, then the insured must do the best he can to comply.

The statement referred to in the following is commonly called the “Proof of Loss.”

“And, within sixty days after the fire, unless such time is extended in writing by this company, shall render a statement to this company, signed and sworn to, stating the knowledge and belief of the insured

“as to the time and origin of the fire;”

“the interest of the insured and of all others in the property;”

“The cash value of each item thereof and the amount of loss thereon;”

“all encumbrances thereon;”

“all other insurance, whether valid or not, covering any of said property;”

“a copy of all the descriptions and schedules in all policies;”

“any changes in the title, use, occupation, location, possession, or exposures of said property since the issuing of this policy;”

“by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of fire;”

The statements contained in this “proof of loss,” it will

be noted, call for information, furnished and sworn to by the insured, tending to establish the "actual cash value" of the property damaged or destroyed, and also to show whether or not any of the conditions of the policy have been violated.

The old and the new N. Y. Standard policies are alike in substance as the requirements relating to proof of loss.

In addition to these unconditional duties enumerated, the insured is obligated, IF REQUIRED, to perform the following duties:

Plans	<u>"furnish verified plans and specifications of any building, fixtures, or machinery damaged or destroyed,"</u>
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Under the old but not under the new N. Y. Standard policy the insured, if required, must

Magistrate's Certificate	<u>"furnish a certificate of the magistrate or notary public (not interested in the claim as a creditor or otherwise, nor related to the insured) living nearest the place of fire, stating that he has examined the circumstances and believes the insured has honestly sustained loss to the amount that such magistrate or notary public shall certify."</u>
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These two clauses are omitted from some policies, notably Massachusetts. The requirement of verified plans is almost a necessity where property has been totally destroyed. The magistrate's certificate is seldom required, and when called for the word "nearest" may be construed reasonably.

Exhibit Remainder	<u>"shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same;"</u>
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Produce Books and Vouchers	<u>"shall produce for examination all books of account, bills, invoices, and other vouchers, or certified copies thereof if originals be lost, at such reasonable place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made."</u>
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In the new N. Y. Standard policy an interpretation is placed upon these requirements by law by inserting that the exhibit shall be as reasonably required and that both the place and the time for examination of books of account shall be reasonable.

Here, again, the law does not require impossibilities, but the insured must use every reasonable effort to exhibit the remains of property, and must not dispose of it until the company has had an opportunity to examine same; but the company, too, must be reasonable in the time it takes to make the examination. There is usually no reason, however, for not being able to produce books of account, bills, etc., or for not making every reasonable effort to obtain duplicates, and there is no reason, save physical disability, for not submitting to examination under oath touching those matters which have a material bearing on the loss, or the origin of the fire, or the insurance.

APPRAISAL

The policies of every state contain a provision in some form for the submission to appraisal of a loss, the amount of which cannot be agreed upon. All such provisions provide for an appraiser chosen by the insured and one by the company, together with a third chosen by these two, or by some court or state official. It is provided that such appraisers shall be "competent and disinterested," and it

Competent is expected that each shall act without bias
and toward either party to the loss. By "com-
Disinterested petent" is meant one who has sufficient knowl-
edge concerning the kind of property involved
to determine values and estimate damages thereto. A building contractor would not usually be competent to appraise a loss on dry goods, nor a ribbon salesman a loss to a building. By "disinterested" is meant one who has no pecuniary interest in the loss, is not related to any interested party and has no connection that would tend to influence his award. It would not ordinarily bar out one who had done previous work for either party, or expected to do work for either in the future, but usually it is inadvisable to name as an appraiser or umpire one who has previously examined the loss and given an opinion or estimate of its amount. In referring to appraisers it is best not to use the terms "the company's appraiser" or "the insured's appraiser," for this tends to destroy the element of disinterestedness; the better

term to use is "the appraiser named by the insured (or the company)."

While the policy apparently provides for a submission to appraisal in event of disagreement on demand by either the insured or the company, there is no penalty **Requirements** provided if the company refuses, other than to be sued at law, whereas the policy provides a penalty if the insured refuses, for one of its provisions is that "No suit or action on this policy, for recovery of any claim, shall be sustainable in any court of law or equity until after FULL COMPLIANCE BY THE INSURED WITH ALL THE FOREGOING REQUIREMENTS," and he must, therefore, submit to appraisal if demanded, though he may afterwards sue in court if he so chooses. It may be stated, however, that appraisals are usually sustained by the courts unless material bias or incompetence is shown on the part of one or more of the appraisers, or the umpire, or undue influence is exerted.

The New N. Y. Standard policy changes this condition to read "until all the requirements of this policy shall have been complied with," which does not change the obligation which the insured has, but opens the way for suit under some other interest, such as that of a mortgagee.

CONTRIBUTION

Old N. Y. Standard. "This Company shall not be liable under this policy for a greater proportion of any loss on the described property, or for loss by and expense of removal from premises endangered by fire, than the amount hereby insured shall bear to the whole insurance, whether valid or not, or by solvent or insolvent insurers, covering such property."

New N. Y. Standard. "This company shall not be liable for a greater proportion of any loss or damage than the amount hereby insured shall bear to the whole insurance covering the property, whether valid or not and whether collectible or not."

This change is somewhat broader in scope than in the old form and is in part intended to prevent all of a loss falling on one or more companies or set of policies when there were in fact other companies or other policies covering the property, which, due to breach of condition, insolvency or other reason, were uncollectible.

All insurance to contribute must cover the same INTEREST, or some portion thereof. There may be two sets of policies covering the same property that would not contribute because they do not cover the same interest; for example, one may cover on building for the owner and the other the mortgagee's interest as such in said building, in which case neither need contribute with the other: Or a stock of goods may be covered for the owner under one policy, and the owner's interest in profits thereon may be covered under another policy, neither contributing because the interests are separate and are insured as such.

The provision that all insurance must contribute "whether valid or not, or by solvent or insolvent insurers," is inserted because without such a provision each company, **Validity;** to a certain extent, would be in the position of **Solvency** guaranteeing the indemnity called for under all other policies and from all other companies.

For example: Assume that Company "A," Company "B" and Company "Z" each issues a policy for \$5,000 on a building on which thereafter a loss of \$4,500 occurs; assume also that at the time of fire Company "A" is solvent and its policy in full force and effect; that the policy of Company "B" has been rendered invalid by breach of some condition not present in the policy of Company "A," and that Company "Z" has become bankrupt and its policy is worthless. In such case, were the policies of Company "B" and Company "Z" not held to be contributing insurance, the entire loss of \$4,500, instead of only one-third that amount, would fall on Company "A," which is solvent and whose policy is liberal in its cover. This would be manifestly inequitable.

"The extent of the application of the insurance under this policy or of the contribution to be made by this Company in case of loss, may be provided for by agreement or condition written hereon or attached or appended hereto."

This condition is rarely called in question. Presumably it

was inserted in order to provide for such clauses as the Three-Fourths Value, the Two-Thirds Vacancy, the various Coinsurance or Average Clauses, and others that may have some bearing on the amount which the individual company shall pay under certain conditions, yet it can hardly be questioned that such clauses would have the same effect in the absence of this provision.

The New N. Y. Standard policy adds to the quoted clause the following: "And any other agreement not inconsistent with or a waiver of any of the conditions or provisions of this policy."

SUBROGATION

Old N. Y. Standard. "If the company shall claim that the fire was caused by the act or neglect of any person or corporation, private or municipal, this company shall, on payment of the loss, be subrogated to the extent of such payment to all right of recovery by the insured for the loss resulting therefrom, and such right shall be assigned to this company by the insured on receiving such payment."

New N. Y. Standard. "This company may require from the insured an assignment of all right of recovery against any party for loss or damage to the extent that payment therefor is made by this company."

The common law gives certain rights of subrogation to which the company would be entitled without this provision in the policy, but it is apparently inserted in order that such rights may be clearly understood and in order that the company may obtain subrogation on demand without resort to the courts to enforce the right as might otherwise happen in the case of an obstinate or litigious policyholder.

Rights

The cases in which subrogation is usually asked are those where fire is thought to have been caused by sparks from a railroad engine, or by an overloaded electric light or power wire, or other cases where negligence is alleged, or where the insured has the right of recovery from a third party, as in the case of damage to property while in the custody of a common carrier.

Negligence

For the reason that this right of subrogation is—or may be—valuable to the company, the insured should not waive right of recovery without notice to the company, and endorsement of the policy, for there is danger, under certain conditions, that such waiver by the insured, without notice, might be held to be concealment of a material fact and so avoid the policy, particularly since most organizations prescribe a charge for waiver of subrogation on the part of the company.

**Waiver of
Recovery**

The endorsement to be made may take the following form:

“In consideration of \$. additional premium notice is hereby acknowledged that the insured has waived the right of recovery from for any loss or damage by fire to the property herein described.”

CHAPTER IX

WAIVER AND ESTOPPEL BY AGENT

ORAL WAIVER—KNOWLEDGE BY AGENT—ACCEPTANCE OF PREMIUM—DEMAND ON INSURED—DENIAL OF LIABILITY.

The Old New York Standard policy contains the following provision: "This policy is made and accepted subject to the foregoing stipulations and conditions, together with such other provisions, agreements, or conditions as may be endorsed hereon or added hereto; and no officer, agent or other representative of this company shall have power to waive any provision or condition of this policy except such as by the terms of this policy may be the subject of agreement endorsed hereon or added hereto; and as to such provisions and conditions no officer, agent or representative shall have such power or be deemed or held to have waived such provisions or conditions unless such waiver, if any, shall be written upon or attached hereto, nor shall any privilege or permission affecting the insurance under this policy exist or be claimed by the insured unless so written or attached."

The New New York Standard policy changes the phraseology to read: "No one shall have power to waive any provision or condition of this policy except such as by the terms of this policy may be the subject of agreement added hereto, nor shall any such provision or condition be held to be waived unless such waiver shall be in writing added hereto, nor shall any provision or condition of this policy or any forfeiture be held to be waived by any requirement, act or proceeding on the part of this company relating to appraisal or to any examination herein provided for; nor shall any privilege or permission affecting the insurance hereunder exist or be claimed by the insured unless granted herein or by rider added hereto."

Oral Waiver. The manifest purpose of this provision is to make it impossible to orally waive any condition of the policy; in other words, to require that any modification of the

conditions of the policy must be in writing. Unfortunately the courts have not uniformly so construed this provision; there are circumstances under which the conditions of the policy may be waived, or a violation thereof tacitly permitted, without being endorsed thereon in writing.

Without attempting to cover the subject in much detail it may prove of value to illustrate briefly some of the views which the courts have taken of this provision:

Knowledge by Agent. Knowledge by the agent of the company is knowledge by the company itself. When an agent issues a contract of insurance he is presumed to waive any violation of its conditions of which he has knowledge at the inception of the policy. Such knowledge by the agent will ordinarily be knowledge acquired at the time of writing or negotiating the insurance, or within such period of time that the knowledge might reasonably be presumed to be fresh in his mind. It seems improbable that he could be charged with knowledge that he once had, long before, which would ordinarily pass out of his mind. To illustrate: Knowledge of other insurance existing at the inception of the policy would be tacit permission for such amount of other insurance, although not for a greater amount, but the fact that a year previously the agent knew that the insured had a barrel of gasoline on his premises would not be held to be a waiver of the restriction in the policy against keeping gasoline.

Knowledge that premises were vacant at the inception of the policy, or that mechanics were at work therein, or that manufacturing had ceased, would not be tacit permission for such conditions to continue indefinitely, for the policy permits them for a certain number of days and it is to be presumed that the insured will comply with the policy conditions after the stated time permitted has elapsed.

Knowledge that the agent acquired after the issuance of policy of a violation of its conditions may not require any action on his part, and by taking no action he may not waive any defense the company might have, but it is certainly safer to recall the policy unless he is willing to waive the violations. In such cases he should not serve the regular cancellation notice, for that might operate to make the insurance valid for at least five days, unless sooner surrendered. (See under "Cancellations" for special form therefor).

Endorsement or correction of a policy with knowledge of a violation is a waiver thereof even though the endorsement or correction made has no bearing on such violation.

Accepting Premium. The acceptance of the premium on a policy with knowledge of a violation of its conditions that would be a bar to any recovery thereunder would be a fraud on the insured. Therefore, it is held that the acceptance of the premium under such conditions would operate as a waiver of such violations, thus making the policy valid as to those particular violations.

Failure to Inquire. There has been some endeavor to hold that failure to inquire of the insured if there is any violation of any of the conditions of the policy is a waiver of such violation as may exist at the inception of the policy, but this seems to be very far fetched.

Demand Upon Insured. Demand upon the insured after a loss, whether for the premium or for some action on his part, with knowledge of a defense to his claim, is or may prove to be a waiver thereof.

Denial of Liability. A general denial of liability under a policy gives the insured immediate right of action at law to recover the amount of loss without compliance with the conditions of the policy as to the filing of proofs, etc.

A Word of Caution. It will be seen from the foregoing that care should be exercised by the agent that no action of his shall jeopardize any of the rights of his Companies. He is given broad latitude in drawing forms and making endorsements that will maintain the policy as a valid contract, but when a fire occurs the agent should consider that a proper conception of his duty to his Company will not permit him to take any action that will waive any of the Company's rights, no matter how trivial. The agent who does so knowingly is false to his duty, disloyal to his Company, and untrue to the high standards that have maintained the American Agency System.

CHAPTER X

SELECTION AND INSPECTION

SELECTION—PRINCIPLES OF UNDERWRITING—LAW OF AVERAGE—MORAL HAZARD—TEMPERAMENTAL HAZARD—PHYSICAL HAZARD—HEATING—CHIMNEYS—LIGHTING—GAS—ACETYLENE AND GASOLINE—KEROSENE OIL LAMPS—ELECTRICITY—POWER—GAS AND GASOLINE ENGINES—MACHINERY—HOUSEKEEPING—WATCHMAN—EXPOSURE.

The responsible and conscientious agent will not knowingly commit his company on a risk of doubtful character; therefore, where a doubt exists regarding the personal attributes of the proposed insured, and his trustworthiness, it is wise to avoid insuring him. Likewise, if the physical hazards are extreme, either structurally, in processes, or by reason of poor care, the risk is one to avoid at least until it is submitted to and approved by the company or one of its field men.

In order to know what business is likely to prove profitable the agent should have some understanding of the primary rules which govern underwriting. These are not so hard to define, but in their practical application to the daily questions that arise in accepting or declining business lie all the problems of the underwriter, and here is where judgment, experience, information and "horse sense" count for so much.

The systematic application of the law of average is the foundation stone of underwriting. In any such system that which is unusual or abnormal is likely to disturb the balancing of the various elements. As applied to insurance this leads to the conclusion that risks which are average in character are likely to produce average results, and in proportion as they depart from the average the more likely are they to upset the system. This is well illustrated in the operations of life companies who decline to insure

those who do not measure up to a certain fixed standard. It is because of this principle that abnormal or unknown hazards or unusual conditions, not of the customary, ordinary, average character, are avoided so far as possible by good underwriters. Risks which are better than average are naturally to be sought, but when below standard they should be written cautiously and for small lines if at all. The question

**Average
Risk**

of determining whether or not a risk is average is considered in relation to the class wherein it falls, both as to moral and physical hazard. A standard for dwellings would not be

applicable to stores or machine shops; likewise ownership, construction and encumbrances satisfactory as to one class would not be as to all classes. "Average for the class" is a term in common use among underwriters, and carries its own definition. For example, it is not unusual to find frame dwelling properties encumbered for more than 50% of their value, and in well settled localities these would usually be considered average dwelling risks; but a country grist mill equally encumbered would not be usual. Soda fountain fixtures are so often chattel mortgaged to the manufacturer that it is usual to the class, but a clothing or similar stock chattel mortgaged is unusual and as a rule is a risk to be avoided.

What is true as to risks is also true as to lines, for these need to be average in amount since an abnormal line may mean an abnormal loss; they vary in

**Average
Lines**

amount with the class and character of risk, large amounts being average lines in one case or class while small amounts are in others. As

an example of these extremes may be cited the fireproof warehouse and the frame planing mill with boiler inside.

When applying this question of average to the writings of individual companies, the broad principles are alike, but the underwriting practices of companies differ radically in many ways. What is abnormal for one is normal for another. A jumbo line for one is an average line for another. Some companies seek lines on a given class which other companies decline altogether. A company's policy in the general acceptance of business is its individual system for obtaining an average, based, usually, upon its individual experience; if it writes all classes, then as to classes nothing is unusual or abnormal, and the problem of its underwriters then becomes that of escaping so far as possible risks that are abnormal or

unusual within the individual classes wherein they fall, whether from moral or physical standpoint.

It would be vain to think it possible that so short an exposition of the principles of underwriting could cover a subject of such importance and complexity; all that is sought is to give an indication of their nature sufficient to serve in some measure as a guide toward the paths of knowledge.

It is not to be expected that an agent can do all of the underwriting for each of the companies which he represents, whether in the selection of risks or the fixing of lines; but his power to bind his company is so broad, and the length of time which may elapse before a line he reports can be passed on at the company's office is often so long, that it is necessary for him to know in a general way what to write and for what amounts, else he may commit his company for a loss that should have been avoided, or for an amount far in excess of the natural or average line. If he is in doubt as to the company's view on any individual risk, as to either line or class, he had best submit same before binding the company. Brief treatment of the subjects of moral and physical hazards is given here, but the individual companies represented must guide the agent in fixing their own lines and in defining the classes which they will write.

MORAL HAZARD

By this is meant personal character, integrity, solvency and habits of life, and all that goes to make one worthy of confidence. The primary rule is not to insure

Definition unknown persons or those about whom positive information is lacking. It is a pretty difficult thing for any one to say definitely "there is a moral hazard," but there are certain conditions which general experience shows are calculated to induce or lead to moral hazard. A few of them may be cited by way of example:

Stores and factories that are not doing well, or that have an undue quantity of shopworn, out of date, or otherwise unsalable goods, or old-fashioned equipment; saloons, distilleries or breweries standing idle and unused for a long time, road houses with an unenviable reputation; nuisances of all kinds; factories that are poorly located as to transportation facilities or not adapted to the kind of manufacturing done or

**What
to Avoid**

processes carried on or where labor troubles are frequent; experimental undertakings; industries depending for profit on the ownership of patents in litigation or about to expire; houses in changing or deteriorating locations likely to become unsuitable; country school houses inconveniently situated; old-fashioned buildings used perhaps for elevators or cold storage plants that find it hard to compete with modern ones; enterprises carried on by agents, such as a man operating in the name of his wife or someone else; any business that is "petering out." Any of these and many others that might be enumerated presents abnormal conditions, and should be carefully investigated before insurance thereon is accepted. Where a person would profit by a fire, either in ridding him of something that he does not want, or in selling to the insurance company property that is unsalable to any one else at anything like the same price, then a motive is furnished for having a fire, and such a risk is to be avoided unless the moral hazard is beyond question, or the condition a temporary one. Over-insurance is considered to be one of the greatest causes of the so-called moral hazard fires, and the

Over-Insurance fixing of a proper amount of insurance is one of the most important duties and responsibilities of the agent. A policy should never be written for an amount in excess of the value of property covered, except temporarily as in cases where a building is being erected, or a stock of goods is being put in, or values are increasing so rapidly that they cannot be closely determined, or in similar instances.

There is another side to moral hazard which is sometimes called temperamental hazard, and might perhaps be otherwise termed congenital carelessness. There are some industries which have notoriously bad housekeeping conditions due to a variety of reasons, sometimes to the class of men engaged in them or to the class of labor employed.

Temperamental Hazard There are also certain races which seem always to live in squalor, whose factories and stores are dirty and ill-kept, and their homes likewise. They are careless with their heating and lighting appliances, their stoves, stove pipes and flues, ashes and rubbish, and in many other ways, so that fires are more frequent among them than among races where such conditions do not exist, or at least are unusual.

A bad moral hazard is a menace not only to the property owned by the individual, but also to others who may be tenants in the same or adjoining premises; that is one of the reasons why an omnibus (several tenant) occupancy is usually considered less desirable. It is difficult to make sure, with the changes of tenants, that someone of an untrustworthy character will not slip in and constitute a potential danger, moral, physical, or both, to the property of all the tenants in the building.

Not all successful men are good moral hazards, nor all unsuccessful or unfortunate ones bad moral hazards; personal character counts above all. Yet sometimes a man essentially honest is so unlucky as to be a poor insurance risk. There is usually some underlying reason, however, in environment, or class of help employed, or method of operation; and many companies, on general principles, avoid insuring those who have had two or more fires, except where they were unimportant, or the insured were large owners of scattered properties.

Two Classes. There are really two classes into which moral hazard as distinguished from physical hazard may be divided.

First:—That which has to do with arson, incendiarism, the procuring of fires or intentional carelessness which invites fires, or after the fire the making of dishonest and fraudulent claims, or the increasing of a loss by active means or intentional neglect of the property damaged.

Second:—The things which are temperamental with the insured or his surroundings or employees, that are expressed in poor housekeeping, carelessness in removing rubbish, in making needed repairs, in caring for protective appliances, or in prohibition of smoking, and in general the neglect of maintaining property in good condition and in a state of cleanliness, particularly in those essentials which, when neglected, tend to breed fires.

INSPECTION

The hazards connected with manufacturing processes, particularly where chemicals are used, call for specialized knowledge, and volumes may be written without exhausting the field of inquiry. The physical hazards with which every insurance man is expected to be familiar are those that may be termed the common hazards, viz., those connected with heat,

light and power, and conditions of housekeeping; for the safeguarding of these will remove the most prolific causes of fires.

Heating. Boilers, furnaces, and stoves not set on legs should have incombustible foundations, and should be far enough from wood work, or other combustible material, so that it will not scorch. The space necessary varies from 6 inches to 6 feet in ordinary cases. Where set on wood floors without legs, a proper foundation should be provided. This may consist of a layer of tin or sheet metal or asbestos over the floor, covered with 4 inches of masonry set in cement mortar. Hollow terra cotta is recommended, so laid as to obtain a circulation of air between the top surface and the floor. Brick may be used and will serve equally well if the degree of heat is not too great. Ordinary stoves and ranges, set on legs on wood floors, should have tin or zinc underneath, extending at least 12 inches in front and at sides of hearth and not less than 4 inches elsewhere. The old-fashioned sand box with 4 inches of fine sand therein is usually safe but unsanitary. Stove, smoke, and heat pipes need to be insulated from woodwork, especially where passing through floors or partitions.

Pipes Ventilated metal shields or thimbles, such as any good tinsmith can make, providing an inch clearance will be sufficient for the pipe from an ordinary stove, but larger pipes require greater protection up to the standard of three feet or more of clearance for boiler smoke flues. Smoke pipes should not pass through closets or enter chimney in attic or unused room, and should always be securely fastened in place by wiring or metal supports or devices. Smoke pipes should enter chimney horizontally, those entering vertically being usually unsafe. Instead of ventilated metal shields for protection against excess heat, it is usually satisfactory, where feasible, to use metal lath and three-quarter inch of good cement plaster, or a layer of plaster board covered with metal, or cellular asbestos. All shields should have an air space between the heat and the surface protected.

Hot air pipes usually need a minimum of six inches clearance from unprotected woodwork, or half that distance if insulated by a ventilated metal shield; a lesser distance may be unsafe; they should have a ventilated thimble where passing through floor or partition.

Hot air blowers should be kept clean, well oiled and running true, and if in a separate room it should be kept free from rubbish or combustible material. The intake should be supplied by air from outside through a screened opening. A fire occurring in the vicinity of the blower may be distributed to the entire building; hence the necessity for care and cleanliness.

Blowers

Steam or hot water pipes should be securely hung on metal supports and kept at least 1 inch from woodwork. Where passing through floor or partition they should be provided with a metal collar or bushing one inch larger in diameter than the pipe. All combustible material should be kept away from pipes, and in dry rooms they should be screened so that nothing may fall on them which might ignite. Many people laugh at the danger of steam pipes touching woodwork, and do not believe there is any. There are, however, many cases on record where the wood has gradually charred and carbonized, and finally taken fire. This occurs more frequently in dry rooms than in places where there is a circulation of air. Steam and hot water pipe coverings should be of incombustible material; hair felt is not suitable and probably asbestos is the best of all coverings made.

Steam and Hot Water Pipes

Chimneys. Wherever possible, these should be built from the ground and support their weight on their own foundations, since those so built are less liable to crack. The exception to this is where no stable foundation can be secured. Those resting on floors, beams or brackets may be safe, but are more likely to go wrong, while those hung from wooden rafters are usually dangerous. A standard chimney for ordinary uses is one built of one course of brick on side, i. e., flat, and lined with 1-inch hard burned terra cotta or fire clay flue lining set in cement mortar with joints struck smooth. If not lined, the walls should be 8 inches thick instead of 4 inches. If built of stone the walls should be not less than 8 inches thick and lined. Cobble stone chimneys should be not less than 12 inches thick and lined. Tile, clay, or concrete block chimneys are unsafe, since they are liable to crack. Reinforced concrete chimneys with standard flue lining are permissible, also

Standard

chimneys built of reinforced concrete blocks properly made (flues lined), but no material is so suitable, durable, and safe as brick. Chimneys should be kept in good repair and properly pointed up, and should be cleaned once a year, or oftener if required by the fuel used.

Lighting. The chief dangers from lighting by ordinary city gas lie in the possibility of the open flame coming in contact with combustible material. No gas bracket should be closer than 3 feet to the ceiling, or 18 inches if latter is protected with ventilated shield. Stationary brackets are preferable, but if swinging fixtures are necessary they should be arranged so that contact with woodwork or other combustible material is impossible. This may be accomplished by suitable stops, or, sometimes, by a globe or wire cage. Protection around the open flame is desirable in dwellings and stores, where window hangings may otherwise blow against the flame. Rubber tubing may be used for lamps; but stoves, glue pots, brazing devices, etc., should have only metal connections and be set on metal, and should be fastened in place, particularly those standing on the floor where they are likely to be moved slightly in sweeping, and the joints become loose.

Such systems should only be installed where the devices are approved by the National Board, and are put in place by competent mechanics in accordance with the manufacturers' instructions. The same dangers exist as with gas jets, and the same precautions should be taken. The chief danger in the use of these systems lies in having gasoline and carbide about, with all the possibilities that follow in their train. It takes intelligence and some experience to properly operate these systems, particularly when something goes wrong with them, and they are too often left in the care of servants. An astonishing number of fires occur through hunting with an open light or matches for a leak in the gas pipe. Every householder will find it useful to have a portable electric light for emergencies of this kind, and for convenience when other lighting systems fail.

Metal lamps and lanterns are preferable to those of glass, since the latter may crack or may fall and break. Lamps should be filled in daylight only. The same protection is necessary as with gas jets, particularly overhead. Hanging screws sometimes heat and pull out. Central draft lamps are usually dangerous to use, and, if installed, great care should be given to keep them clean, particularly inside the burner, and the wick well trimmed.

This is the safest form of lighting when properly installed and maintained in accordance with the National Code. The size of wires, the spacing, the load, the fuses and cut outs, switches, etc., call for the services of an expert. When inspection discloses the use of wooden cleats, or when wires are hung on nails or other than approved supports, or pass through walls or partitions or around corners without proper bushing, or if insulation is worn off or abraded, then it is desirable to have the equipment gone over, and conditions corrected that are likely to prove unsafe if neglected.

Power. High pressure boilers for making steam to run engines that furnish power use more fuel, generate more heat and need greater clearances and more safeguards than low pressure heating boilers. There should be as little combustible material in the boiler room as possible; sweepings and refuse should not be kept there, but burned at once or stored outside, preferably in a fireproof bin cut off from the boiler room. Where wood is burned, the boiler stack should have an approved spark arrester. Soft coal is liable to spontaneous combustion and should not be kept in large quantities in or too near building.

Boilers

Gravity feed is to be avoided. Mufflers should be located at least 12 inches from woodwork, and the exhaust pipe extended outside and kept at least 6 inches from woodwork; it should be supported firmly in place.

Gas and Gasoline Engines

The hazard of running machinery comes chiefly from the danger of overheated bearings, and from oil and waste, or combustible material, being allowed to accumulate. Shafting should be well hung and run true, and bearings self oiling and kept clean. Where machines make combustible litter, such as

Machinery

planers, buffers, etc., a blower system should be installed where feasible, and the waste discharged outside away from the building, or into a fireproof vault.

HOUSEKEEPING

Care and cleanliness are the "first aids" to fire prevention. The finest construction, the best installed equipments, the most approved protective devices, all fail unless they are maintained in good, workable condition, and the premises free from dirt and rubbish. Carelessness is the cause of more fire losses than poor construction, non-standard equipment, or lack of protection. The poor physical risk in the hands of good housekeepers is often a better fire risk than one that is fine physically but poorly managed. The type of man who goes all over his premises before leaving them at night, and who never retires without looking at the furnace to see that everything is all right, is the type that has few fires. Among the things which may be specifically referred to in connection with good housekeeping are the following:

Ashes:—Should be kept in metal cans—never in, on or against wood.

Rubbish:—Should not be allowed to accumulate. Papers, packing materials, broken things, empty cases and needless combustible articles should be removed daily.

Oily Waste and Rags:—These are liable to ignite spontaneously, and should never be thrown in corners or closets, or left lying on floor; if kept in cans, the latter should be of approved metal and be emptied daily.

Waste (Ordinary):—Should be kept in approved metal cans.

Oils and Grease:—Only a working supply should be kept inside main buildings, and should have approved metal pans to catch drippings. These should be cleaned frequently.

Matches:—The ordinary parlor match is dangerous. Many fires are caused by its use; women and children are often badly burned by match heads flying off and catching in clothes. The so-called safety match—striking on the box—is the best type for use in house, store or factory.

Protective Equipment:—Oftentimes valuable appliances are installed which would be of great aid in putting out a fire, but are so poorly cared for that when the emergency arises they are practically useless. An empty fire pail is worse than none. Sand and fire pails should be kept full, chemical extinguishers recharged as per directions, hose examined periodically to see that it is in good condition for use, fire doors maintained in free working order, tanks kept full, fire pumps tested regularly, and the sprinkler equipment maintained in full working order in accordance with directions that are usually furnished when same is installed.

Watchman. The only way to be reasonably sure that the watchman makes his rounds regularly is to have a proper clock installed, and to check up the records every day to see that the punching of the different stations is recorded in due order and at proper times.

Inspections. The best way to insure the care of protective devices is to have a regular time for inspections, and to hold responsible the man whose duty it is to make them.

To the one who wishes to study in detail the various matters that have been touched upon herein, the following publications are recommended for perusal:

The National Board Building Code.

The National Electrical Code.

Standards of various kinds published by the National Board of Fire Underwriters, New York City.

National Fire Protection Association "Field Practice."

EXPOSURE

A risk is usually considered unexposed if the nearest building, structure or combustible property that may make a fire that is other than trivial, is 100 feet or more distant. This does not mark the limit of danger, (sparks or brands from a fire have been known to carry several miles and set fire to a wooden roof, although this is the exception that proves the rule), and many things must be taken into consideration in fixing a safe limit in specific cases; but 100 feet is generally accepted as a safe distance on the average. The degree of safety depends somewhat on the construction of the building

**Limit of
Danger**

exposed, and on the construction, area and contents of the exposure. A large area frame building, or brick building with frame roof, filled with highly combustible contents such as hay, furniture, etc., is an unsafe exposure at a distance of 100 feet, particularly if the exposed building has a wooden roof. As a rule the distance apart may be decreased with safety in ratio with the improvement in construction, and, also, in ratio with contents which burn either in a flash without sustaining combustion, such as millinery stocks, or which burn slowly, such as piece dry goods. Exposures are naturally more serious when there is no protection against fire, and the distance apart may be decreased with safety in ratio with the degree of protection.

It is a safe rule on the average for the agent to decline any business located within 100 feet of a risk that his company has refused to write, at least without first submitting it for approval. Rating authorities are giving greater attention to exposure than ever before, for it is realized more than ever how much exposure contributes to the fire cost of the country. As congested values increase the losses due to exposure are bound to increase, for all fires that spread from the building where they originate, including conflagrations, are chargeable to exposure. More than one-eighth of the entire fire insurance losses of the United States are due to exposure fires.

CHAPTER XI

RATES AND RATING METHODS

MINIMUM RATES—SPECIFIC RATES—FLAT RATES—CO-INSURANCE RATES—BLANKET RATES—AVERAGE RATES
FLOATING RATES — JUDGMENT RATES — SCHEDULE RATES—ANALYSIS OF RATES.

The key note of the insurance business is the rate. All other things revolve around that. It is the price of the goods for sale and familiarity with rates and the methods by which they are made is desirable for all agents and a prime necessity for those in the larger centers.

Rates

Rates are commonly designated by the following names:—

Minimum rates, being those made for and applying to all risks of a given class, such as dwellings, where no specific rate is fixed.

Specific rates, being those made for and applying to a given risk or property, such as "Building, 24 Main St."

Flat rates, being those that do not require the use of coinsurance.

Coinsurance rates, being those requiring the use of coinsurance.

Blanket rates, sometimes called **Average rates**, being those applying over two or more properties, or over two or more subjects of insurance, which underwriting rules or customs commonly require to be separately insured, whereas such rates are made so that these properties may be written in one item without separation. (See Blanket Forms.)

Floating Rates, being those applying to property wherever located within the general confines stated, such as within a given State.

Judgment and Schedule Rates. Rates are of two general kinds, viz., JUDGMENT and SCHEDULE.

Judgment rates are those made without the use of any measure beyond that which the experience, intelligence and good sense of the rate maker provides. Years of observation and analysis, and the impressions constantly received in the daily study of construction, hazards, protection and environment, give to the underwriter a training which enables him in a practical way to judge what rate a given risk should bear. Many, particularly of the older school of underwriters, regret the passing away of rate making by judgment and experience, feeling that the intuitive sense of the underwriter, born of long years of training, more accurately measures the worth of a risk than the literal application of rate making schedules. But the great growth in property values, the complexities of our modern mercantile and manufacturing industries, the congestion of our cities and towns, the different methods of fire protection, the wealth of building materials formerly unknown, the great development in mechanics, in chemistry and in all the arts and sciences, has rendered impracticable the making of rates by judgment alone, and this evolution of general business conditions has brought about rate making by schedule, which method is rapidly becoming universal throughout the United States. The schedules used are not in themselves based upon demonstrated costs, but their base rates, charges and credits are founded upon the judgment and experience of many trained underwriters whose minds have met in the adoption of the various items of said schedules, which are probably as accurate as it is possible to produce with the information at present available. These schedules are really measures for averaging the rates in a given class, and for this purpose are superior to judgment ratings, just as a tape line is better than pacing to measure distance.

Two general systems of schedule ratings are in use in the United States to-day: The Universal in the East, and the Analytic or Dean in the West. Each starts from a basis rate and makes charges or gives credits for the various items that go to make up the schedule applying to the particular risk rated. The Universal, in the main, adds flat or constant charges, for example, 10 cents for defective flue; whereas the Dean adds a percentage of the basis rate, for example,

Judgment Rates

Value of Experience

Schedule Rates

Schedule Systems

10 per cent. for defective flue. Each has a variety of schedules or of occupancy charges adapted for use in rating the various classes of property, it having been found that no one schedule can be devised that is practical for rating any and all kinds of risks.

Analysis of Rates. The agent in analyzing a rate on a given risk first obtains a copy of the schedule used and the "make-up" of the rate, by which is meant the various charges and credits which produce the final rate. He first determines whether the proper schedule has been used; then he should learn whether the charges are properly made and if credit is given in the rate for everything contained in the risk for which credit is provided in the schedule; next he should see whether improvements can be made that will result either in eliminating charges, or result in further credits being given. Charges for condition or housekeeping should come in for special attention as they may usually be removed, and their correction makes for the safety of the risk. It is well for the agent to remember that his renewal commissions depend on keeping the property in existence.

Sometimes a judgment rate exists on a risk, or only a minimum rate applies, and it may be found by inspection and the experimental application of the proper schedule that if a rate is made thereunder it will be lower than the judgment or the minimum rate, in which case it is obviously to the advantage of the insured to apply for the promulgation of a schedule rate. The agent should remember that it is his duty to secure for his client by every legitimate means the lowest rate possible, and that his competitors always have an eye out for some way of reducing his client's rate and using this as a lever for prying the account away from him. A reduction in rate usually makes a louder noise than the note of friendship, and the agent who is most successful in legitimately saving money for his clients, without the sacrifice of proper coverage, is likely to be the one who has the biggest expiration register. A thorough knowledge of rates and rate-making schedules—not merely a superficial one—vastly increases the equipment for success in soliciting and holding business, and giving satisfactory service.

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CHAPTER XII

CANCELLATION AND SUBSTITUTION

POLICY ORDERED CANCELLED—CONDITIONAL ORDER—
AVOID REINSTATEMENT—VOID POLICY—NOTICE OF
CANCELLATION—LEGAL NOTICE AND TENDER—RETURN
PREMIUM WITHOUT DEDUCTION—NOTICE TO PAYEE—
NOTICE TO MORTGAGEE—SUBSTITUTION OR REPLACE-
MENT—BINDERS—CANCELLATION NOTICES (FORMS).

CANCELLATIONS.

An agent receiving instructions from his company to cancel a policy must use every reasonable effort to promptly effect cancellation; and failure to make such effort renders him personally liable for any loss which the company sustains because of his neglect.

Conditional Order Sometimes a company asks cancellation conditional upon certain alleged facts proving to be true, or certain specified things taking place. In such cases the agent may render himself personally liable if he does not use reasonable diligence to ascertain the truth, or the occurrence of the specified happenings.

Avoid Reinstating Again, the company may instruct agent not to receive the premium on a given policy, or not to endorse or correct it, or not to grant further permits, as, for example, a vacancy permit. Such instruction may be with a view of avoiding any act on the part of an agent, or the bringing about of a condition, that would continue a policy in force or reinstate one that is void.

Void Policy Where a policy is rendered void by a violation of some condition (for example, vacancy beyond the length of time permitted), and such violation comes to the knowledge of the agent, there is danger that it may be claimed the violation was waived if he takes no action. Hence, in such cases, unless permission or waiver is to be endorsed on the policy, or

would be if presented, the policy should be recalled, and the full amount of unearned premium from date of violation returned to the insured, thus avoiding all possibility of trouble or embarrassment in case fire occurs.

When recalling a void policy the ordinary notice of cancellation should not be served, for to do so might be held to revive the policy during the five days covered by said notice. Notice of recall may be in form similar to the one appended hereto.

Notice of Cancellation. The policy provides that either the insured or the company may cancel it by giving notice in accordance with its conditions. The agent may give or receive notice personally or by mail, or through a representative, such as an employee or solicitor customarily acting for him in such matters, or specially instructed or authorized. Likewise the insured may give or receive notice personally, or by mail, or through a representative such as an employee, agent or broker. The important thing to be considered here is cancellation on behalf of the company, and it must always be borne in mind that to be sure of a legal cancellation the com-

**Proof of
Notice
Necessary**

pany must be in position to prove that notice of its election to cancel was received by the insured or his authorized representative. Such representative must have the authority to accept notice of cancellation on behalf of the insured else it will not be legal notice to the insured. If a paid employee is in the habit of ordering and cancelling insurance, it is usually sufficient evidence that he is authorized by his employer to take such action, and this is true in a less degree of an agent of the insured, such as one handling his real estate or customarily acting for him in his absence.

The broker is sometimes authorized to secure,—but not to cancel—insurance, and the practice of sending notice to the broker may result in cancellation, but cannot be depended upon to relieve either the company of its liability, or the agent of his responsibility for cancellation.

The best way to effect cancellation is to see the insured, get him to acknowledge the cancellation and surrender the policy, but if this cannot be done the conditions of the policy (N. Y. Standard) require that the insured be given five days' notice, and the policy is not cancelled until five days after such notice is received by the insured, or his authorized representa-

**Legal
Methods**

tive, unless in the meantime he surrenders it. If notice is to be given it should always be in writing and unequivocal in its terms. This notice may be delivered by hand or sent by registered mail. It should be addressed to the insured at his

Address place of business, or an address where he is known to receive mail, or to his agent if he is represented by one, or, if deemed proper and necessary, to the insured in care of his broker. A duplicate or facsimile copy of the notice should be kept by the agent. If notice is delivered, memorandum should be made showing the date and by whom the delivery is effected and by whom it is received. If sent by mail, the letter should be registered and copy of the notice marked with the date and hour of mailing, and kept with the post office receipt

Registered Letter and the registry return card when it comes back. The envelope should bear the imprint of the agent issuing the policy, or representing the company, or the imprint of the company whose policy is being cancelled. This is imperative by reason of court decisions.

Since notice to be effective must reach the insured, or one authorized to act for him, it is important to have him receive the registered communication, and that the **Proof of Receipt** registry return card bear his signature or that of his authorized representative. Therefore, it is recommended that the envelope be marked

“Deliver to addressee only—receipt desired.” If so marked, the post office rules require delivery to none other than the addressee. The papers usually required by a company to constitute a voucher for a cancellation by notice are a facsimile copy of the notice sent, the post office receipt for registration and the registry return card. The card should bear the signature of the insured or his agent or representative. If the insured is a corporation it should bear the signature of such corporation with the name of the one signing therefor.

Premium Paid and Unpaid Where the premium has not been paid no action is necessary beyond the serving of notice. If the policy is in the old New York Standard form and the premium has been paid it is rarely safe to await the policy before returning the unearned premium, even though it is customarily surrendered promptly and return premium due thereon is paid, for it has been held that the cancellation is not

effective until the unearned premium has been actually paid or tendered to the insured. For that reason it is wise to send with the notice the amount of unearned premium due. As a matter of convenience a check is often enclosed with the notice of cancellation and if the insured endorses and cashes same, that is acknowledgment and acceptance by him of the notice of cancellation and is effective.

To be absolutely certain of effecting and proving cancellation if policy is in the old New York Standard form, a written notice of cancellation should be handed personally to the insured, or his authorized representative, in the presence of one or more witnesses, accompanied by the unearned premium in cash that is legal tender of the United States, as the insured would have a right to decline

the money and not recognize the tender if it were otherwise than legal tender so designated by law. Legal tender consists of United States treasury notes, gold coin of the denomination of \$1.00 or over, silver dollars, and subsidiary coin for a limited amount. It is best to use the least number of pieces of money necessary to make up the amount of the tender, therefore, to use gold coin or silver dollars for all but the fractional parts of a dollar, for which silver 50c and 25c pieces, dimes, nickels and pennies should be used in the least number necessary to make up the exact amount. By avoiding the use of paper money all doubt is eliminated as to whether the money is legal tender (as in the case of treasury notes) or whether it is other paper money of similar appearance such as silver certificates, gold certificates and national bank notes, none of which is legal tender. The notice and tender should be handed to the insured or his

authorized representative accompanied by a statement as to the nature and purpose of the communication and tender and if possible the copy of notice should be read to him. No receipt for the money should be demanded. The notice and money once having been delivered or offered should under no circumstances be taken back. If the insured declines to receive the notice or the tender, either or both should be laid in as convenient a place for him as possible and not be taken back even though the insured goes away, leaving the money or the notice untouched.

The New New York Standard form obviates the difficulty

regarding the return of unearned premium at the time of giving notice, for it provides that the policy shall be cancelled by giving the insured 5 days' notice, "with or without tender of the excess of paid premium above the pro rata premium for the expired time." But it does require that said excess or unearned premium if not tendered shall be refunded on demand.

Return Premium Without Deduction. Return of the unearned premium direct to the insured, whether figured pro rata or short rate, must be without deduction of brokerage or agent's commission. When the unearned premium is returned through the medium of the broker, it is customary to deduct the brokerage, figuring it in the same percentage as the brokerage on the original premium (that is, 10%, 15% or other percentage), but it would be unsafe to deduct this brokerage if there is likely to be any trouble over the effectiveness of the cancellation and the prompt surrender of the policy.

Notice to Payee. There is no direct provision in the policy requiring notice to be given the payee under a simple loss payable clause reading, "Loss, if any, payable to..... as interest (or as mortgagee interest) may appear."

Courtesy and fairness, as well as custom, do, however, demand the giving of a five days' notice to the payee, and it is quite possible that the courts would hold that the cancellation of a policy was not effective if notice to the payee was not given.

Notice to Mortgagee. If a mortgagee clause is attached, then notice to the mortgagee, as well as to the insured, becomes necessary to terminate the company's **Cancellation** liability, for the mortgagee clause in its terms is a separate contract requiring a separate notice. There are two provisions therein:

A. For the termination of the mortgagee interest by cancellation of the policy.

B. For the cancellation of the mortgagee clause itself. In either case ten days' notice instead of five is the requirement on the clauses most widely used. Usually notice of cancellation of a policy will serve to terminate the interest of the mortgagee, because it is usually followed by the surrender of the policy and the substitution of other insurance therefor, but the safest notice to give is for the cancellation

of the mortgagee clause itself. Such notice does not under ordinary circumstances require to be accompanied by any tender of unearned premium and its sufficiency does not depend on the cancellation of the policy. Indeed, where the insured cannot always be located, or difficulty is experienced in serving him notice, sometimes the burden may be thrown upon the mortgagee by cancelling the mortgagee clause, thus inducing him to insist, as he has a right to do under his mortgage, that the mortgagor (insured) secure other satisfactory insurance payable to him (mortgagee) in the event of loss.

Substitution or Replacement. When a policy of a company is to be cancelled, unless the risk is deemed undesirable to handle, the agent will usually wish to replace the policy with that of another company. The simple act of binding another company for the same amount on the same risk does not of itself relieve the first company of its liability; the insured must ratify the transaction before it becomes effective.

Nevertheless, when a company orders its policy cancelled it is customary for the agent to bind its line in another company, but this act should be promptly followed by notification to the insured of the one company's election to cancel and of the substitution of another's binder replacing it; if the insured accepts the substitution that act operates to relieve the first company of its liability: Any delay in notification is dangerous, for if fire occurs after the second company is binding and before the insured has accepted substitution, and before the five days following notice of cancellation have elapsed, then in most jurisdictions he may elect which policy he shall hold and which release, but he must do one or the other—he cannot hold both.

Therefore, when the liability of one company is to be cancelled and another company is to be made binding by the agent in its place, it is best to communicate with the insured personally and secure his authorization for the substitution, then taking up the first company's policy or binder, and leaving in its place the policy or binder of the second company, thus protecting alike the company cancelling and the insured.

Notice to Mortgagee If loss is made payable to a mortgagee, substitution or replacement even though effective as to the insured is not as to such mortgagee unless consented to by him.

Cancellation of Binders. If the binder contains no provision as to the number of days notice required for cancellation, it is probable that the courts would hold that five days' notice is necessary, and that if a mortgagee is named on the binder, ten days' notice to him would be required. Where a binder is issued for the renewal of a policy which was made payable to a mortgagee, but for any reason the renewing policy is not issued until after date of inception, notice to mortgagee of cancellation of binder would probably be required, even though such binder made no mention of the mortgagee.

Oftentimes, binders are issued subject to cancellation on one day's notice, in which case care should be taken not to give the usual five days' notice, which would have the effect of extending the binder for five days after notice is received, instead of one day.

Insurance companies have not adopted any uniform notice of cancellation and each usually has its individual forms which it prefers to have its agents use. The following are simple forms which will fulfil legal requirements for use as indicated thereon.

Cancellation Notice—where premium has been paid
(Old New York Standard Policy)

Dear Sir:

This company hereby notifies you that it elects to cancel its Policy No..... in accordance with the terms and conditions therein provided.

Said policy was issued to you through its agency at
to cover on
located

Herewith we hand you \$...... being an amount not less than the pro rata unearned premium for the unexpired term of said policy.

In accordance with the conditions referred to all liability of this Company under this policy will cease and determine at the expiration of five days from the receipt by you hereof,

and we request that you kindly return to us the cancelled policy for our files.

Yours very truly,

Enc.

.....Insurance Company.
.....Agent.

Cancellation Notice—where premium is unpaid
(Old or New N. Y. Standard Policy)

For use where it is not desired to retain the line.

Dear Sir:

This company hereby notifies you that it elects to cancel its Policy No.....in accordance with the terms and conditions therein provided.

Said policy was issued to you through its agency at
.....
to cover on.....
located

In accordance with the conditions referred to all liability of this company under this policy will cease and determine at the expiration of five days from the receipt by you hereof, and we request that you kindly return to us the cancelled policy for our files.

AS NO PART OF THE PREMIUM ON THE POLICY HAS BEEN PAID, we request that you pay to us without delay \$....., being the pro rata earned premium from the beginning of the policy to its cancellation by virtue of this notice.

Yours very truly,

.....Insurance Company.
.....Agent.

Cancellation Notice—where premium is unpaid
(Old or New N. Y. Standard Policy)

For use where it is desired to retain the line.

Dear Sir:

In accordance with customary rules, the EXAMPLE IN-

SURANCE COMPANY requires me to remit the premium of \$..... on policy No..... issued to you and covering on.....situate....., or to cancel said policy in accordance with its conditions.

THE PREMIUM REMAINING UNPAID, I am reluctantly compelled as agent of the EXAMPLE INSURANCE COMPANY to notify you of its election to cancel the policy at the expiration of five days from receipt by you hereof. All liability thereunder on the part of the Company will cease and determine at the expiration of the said five days, unless during such period the full premium of \$..... is paid at my office (give address).

Regretting the necessity of this action and hoping to hear from you, I remain,

Yours very truly,

.....
Agent.

Cancellation Notice to Mortgagee

(When premium has been paid)

Dear Sir:

Please take notice that the.....Insurance Company elects to cancel the mortgagee clause in your favor attached to its policy No..... issued tocovering on property described as follows:

.....
This notice is given you in accordance with the provisions contained in said mortgagee clause relating to cancellation, and liability on the part of this Company under said mortgagee clause will cease and determine at the expiration of ten days from the receipt by you hereof.

Yours very truly,

.....Insurance Company.
.....Agent.

Cancellation Notice to Mortgagee

(When premium is unpaid)

Dear Sir:

Please take notice that the.....Insurance Company elects

to cancel the mortgagee clause in your favor attached to its policy No. issued to covering on property described as follows:

.....
This notice is given you in accordance with the provisions contained in said mortgagee clause relating to cancellation, and liability on the part of this Company under said mortgagee clause will cease and determine at the expiration of ten days from the receipt by you hereof.

WE HAVE RECEIVED NO PART OF THE PREMIUM ON THIS POLICY.

Yours very truly,

.....Insurance Company.

.....Agent.

Cancellation Notice—subject to loss

Memorandum: For use in cancellation subject to loss where the Company has no known defense; return premium to be figured pro rata of the entire premium from date of notice. If it has a known defense—don't cancel.

Dear Sir:

This company hereby notifies you that it elects to cancel its Policy No.....in accordance with the terms and conditions therein provided.

Said policy was issued to you through its agency at
to cover on.....
located

Herewith we hand you \$...... being an amount in excess of the pro rata unearned premium on said policy, subject to correction hereafter.

In giving this notice this Company neither admits nor denies liability for any claim by reason of fire (date).

In accordance with the policy conditions, to which we have referred, all liability under this policy on the part of this

If our information is incorrect we will be pleased to have you advise us.

Yours very truly,

.....Insurance Company.

.....Agent.

Insert after location the nature of the condition which voids the policy; for example:

“Is encumbered by chattel mortgage.”

“Has been vacant for more than time permitted thereon.”

“Contains gasoline in excess of amount permitted.”

“Has been sold.”

“Has been removed.”

Notice recalling Void Policy

(For use where, if satisfactorily explained, the breach of condition may be waived by endorsement on the policy.)

Dear Sir:

Information has reached us indicating that the property described in this Company's policy No.....located(is encumbered by chattel mortgage).

If this is true the policy is void, and there will be due you upon its return the unearned premium thereon.

If you will let us have a statement of the facts regarding above, we will be pleased to see whether or not the policy may be reinstated by proper endorsement thereon, and continue in force.

Awaiting word from you, we remain,

Yours very truly,

.....Insurance Company.

.....Agent.

Insert after location the nature of the condition which voids the policy; for examples see foregoing notice.

Note: Under the terms of the old New York Standard policy it was void if there was a breach of certain specified conditions, but under the new New York Standard policy the company is not liable WHILE the breach continues. Technically perhaps the policy is therefore not "void" but merely suspended during such time, but it is believed the use of the word "void" in the two foregoing notices is quite proper.

CHAPTER XIII

MORTGAGEE AND PAYEE INTERESTS

MORTGAGE CLAUSES—SEPARATE CONTRACT—PAYMENT OF LOSS—MULTIPLE MORTGAGES—INTEREST NOT INVALIDATED—LIABILITY FOR PREMIUM—CANCELLATION—SUBROGATION—A PERSONAL CONTRACT—AMOUNT OF LOSS—CHATTEL MORTGAGE—PAYEE INTEREST.

Old New York Standard Policy. The only reference therein to mortgagee interests is as follows: "If, with the consent of this company, an interest under this policy shall exist in favor of a mortgagee or of any person or corporation having an interest in the subject of insurance other than the interest of the insured as described herein, the conditions heretofore contained shall apply in the manner expressed in such provisions and conditions of insurance relating to such interest as shall be written upon, attached, or appended hereto."

It will be noted that under this provision the conditions applicable and enforceable as regards a mortgagee are only those preceding line 56, and by attachment of the standard mortgagee clause many of these are waived. Such important provisions as those requiring notice of loss, rendering proofs, right of appraisal, limitation of time for beginning suit and others were omitted from the contract with the mortgagee since they are not mentioned in the mortgagee clause.

To remedy this somewhat anomalous condition without jeopardizing mortgage interests the following conditions were inserted in the

New New York Standard Policy. "If loss or damage is made payable, in whole or in part, to a mortgagee not named herein as the insured, this policy may be cancelled as to such interest by giving to such mortgagee a ten days' written notice of cancellation. Upon failure of the insured to render proof of loss such mortgagee shall, as if named as insured hereunder, but within sixty days after notice of

such failure, render proof of loss, and shall be subject to the provisions hereof as to appraisal and times of payment and of bringing suit. On payment to such mortgagee of any sum for loss or damage hereunder, if this Company shall claim that as to the mortgagor or owner, no liability existed, it shall, to the extent of such payment be subrogated to the mortgagee's right of recovery and claim upon the collateral to the mortgage debt, but without impairing the mortgagee's right to sue; or it may pay the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing."

Under the provision the policy as to the mortgagee may be cancelled upon ten days' written notice; the mortgagee if required shall render proof of loss; and is made subject to the provisions of policy relating to time of payment and of bringing suit; and those relating to appraisal and subrogation.

When realty is encumbered by mortgage the mortgagee has an insurable interest therein, and may insure it as such, but the customary method is to issue the insurance to the owner or mortgagor, making loss, if any, payable to the mortgagee and attaching a mortgagee clause. If the policy covers both real and personal property, the mortgagee clause should be made to apply to the realty only. A mortgage on realty does not give the mortgagee any ownership interest in the property, and therefore does not affect the "sole and unconditional ownership" referred to in the policy.

Unless required by the mortgagee it is not necessary to make any mention in the policy of a mortgage interest in realty, nor to make loss, if any, under the policy payable to the mortgagee, nor to attach the mortgagee clause. Sometimes two policies are taken out by the assured, one for the amount of the mortgage, payable to the mortgagee, and the other for the remainder of value of building, omitting any loss payable clause; but this is not as good practice as to make all policies payable to the mortgagee, as his mortgage interest may appear, thus protecting the owner, the mortgagee and the insurance company.

Mortgagee Clauses. In New York State there are two forms of Standard Mortgagee Clauses, one called the Non-Contribution Mortgagee Clause, and the other the Full Contribution Mortgagee Clause. The two are exactly alike, except for a condition in the Full Contribution Mortgagee Clause which is self-explanatory and reads as follows:—"In case of any other insurance upon the within described property this company shall not be liable under this policy for a greater proportion of any loss or damage sustained than the sum hereby insured bears to the whole amount of insurance on said property, issued to or held by any party or parties having an insurable interest therein, whether as owner, mortgagee or otherwise."

Contribution. Where there is insurance under two or more policies containing the mortgagee clause without the "full contribution" feature, the mortgagee may demand that the full amount of any loss ascertained to be payable, and not in excess of the amount of such insurance, shall be payable to him (mortgagee), even though the insurance so payable constitutes but part of the total insurance, the balance being payable to some other interest. The non-contribution mortgagee clause may therefore be a greater protection to the mortgagee than the full contribution mortgagee clause, but if all the insurance is payable to the mortgagee and held by him it does not matter which clause is used. The Company's interest is better protected by the full contribution clause.

Separate Contract. The mortgagee clause is held to be a contract between the insurance company and the mortgagee, separate and distinct from the policy contract between the company and the insured. It contains several provisions which may be reviewed as follows:—

(1) LOSS PAYABLE

That loss, if any, under the policy shall be payable to the mortgagee.

Payment of Loss. Most companies in paying a loss where a mortgagee clause is attached to the policy make draft payable both to the mortgagee and the insured, thus obtaining a release from both. If the company were to pay the insured only and the mortgagee were afterward to demand payment, the company might be required to pay him even though it could not recover the money paid to the insured, and would then be in the position of paying the loss twice.

Multiple Mortgages. Where there is more than one mortgage on realty and each mortgagee has separate insurance to

protect his interest, the non-contribution clause being attached to the policies, it is sometimes thought that each set of insurance must pay to the mortgagee named therein the full amount of any loss that occurs under the policy (not exceeding such insurance), even though the amounts so paid are double the amount of the loss. This does not seem equitable, and it is doubtful if the mortgagee clause would always be construed so favorably to both mortgage interests.

Where realty is encumbered by two mortgages there are several ways in which the rights of each mortgagee may be protected without jeopardizing the rights of the insurance company, bearing in mind that any insurance money paid to a mortgagee reduces his mortgage by such amount. Either of the following methods will protect either mortgagee, providing the property is worth the amount of both mortgages and all insurance thereon is made payable to one or to the other, or to both:

First:—By making the loss payable to John Doe, first mortgagee, and Richard Roe, second mortgagee, as interest may appear.

Second:—By making loss payable to John Doe, first mortgagee, as interest may appear, and remainder, if any, to Richard Roe, second mortgagee.

Sometimes a third method is adopted, viz., of attaching the full contribution mortgagee clause to policies which are issued separately, in favor of one or the other mortgagee interest, or in any case attaching it to the policies of the second mortgagee. This method is not recommended.

(2) INTEREST NOT INVALIDATED

That the insurance as to the interest of the mortgagee therein shall not be invalidated by any act or neglect of the insured, or of any tenant, or by any legal proceedings, or by change of title or occupancy or increase of hazard, provided, however, that the mortgagee shall notify the insurance company of any change of title or occupancy or increase of hazard that comes to his knowledge, and shall on demand pay the premium for such increased hazard.

If the mortgagee at the inception of the policy knows of conditions which render it void as to the insured, it is probably void also as to the mortgagee, but knowledge acquired by the mortgagee after the inception of the policy, except as to change of ownership or occupancy or increase of hazard, does not affect his rights.

This condition shows how thoroughly the interest of the mortgagee is protected against any act of the owner or tenant that does not come to his knowledge. On this point an eminent authority says: "If there are any rights or advantages which the mortgagee does not possess, it is either because he has not yet discovered them or has not gone after them, and more remarkable still is the fact that for all this the mortgagee pays nothing whatever. He gets without money and without price a contract which the mortgagor or owner of the best risk in the land cannot buy at any price."*

(3) LIABILITY FOR PREMIUM

That if the owner (insured) neglects to pay any premium due on the policy the mortgagee, on demand, shall pay the premium.

When the mortgagee himself orders the insurance he is expected to pay the premium in the ordinary course of business, but if the insured orders the insurance and does not pay the premium, then on demand the mortgagee must pay it within a reasonable time, or forfeit his rights under the contract. It is doubtful if the mortgagee can be held except for the proportion of the premium from the date of demand for premium to the expiration of the policy; or, in other words, it is doubtful whether in all cases he can be made to pay for that portion of the insurance which has already run at the time of demand for the premium, even though he has had the protection of the insurance during such time.

(4) CANCELLATION

That the interest of the mortgagee may be terminated (1) by cancellation of the policy, or (2) by cancellation of the mortgagee clause, but in either case the mortgagee must be given ten days' notice and his interest continues for ten days after notice is received. (See Cancellations.)

(5) SUBROGATION

That when the insurance company shall pay the mortgagee for a loss under the policy, and shall claim that as to the owner (insured) no liability existed, then the company shall,

*"Wm. M. Bament, The Mortgagee Clause."

to the extent of such payment, be subrogated to all the rights of the mortgagee.

This means that the company will in such case have an interest in the mortgage to the extent of the amount of loss paid to the mortgagee. When subrogation to the rights of the mortgagee is to be taken, it is customary for the insurance company to pay the entire amount of the mortgage, which is then assigned to such company.

The loss payable and mortgagee clauses are personal; they protect the mortgagee not the mortgage. Hence, if the mortgage is sold or transferred, the policy should be endorsed, making loss payable to the new mortgagee. If a mortgage is paid off and a new mortgage is executed to the same party, it is held to be a change of mortgage interest and to require endorsement on the policy. If the policy contains no provision making loss payable to a mortgagee there is no obligation on the company's part to pay such loss to the mortgagee. The mortgagee in such case has only such rights as are given him by the terms of his mortgage, and by the law, and these must be asserted in the proper manner in order to be effective.

A Personal Contract

The making of loss, if any, payable to a mortgagee, with or without a mortgagee clause, is not intended to waive the conditions of the policy relating to the amount of loss that is so payable; it merely stipulates, in this respect, that loss in such amount as may be duly ascertained to have been sustained, under the terms and conditions of the policy, shall be payable as provided.

Amount of Loss

Therefore, the loss payable, or the mortgagee clause, is not intended to waive the application of a coinsurance or average clause, or any other clause affecting the amount payable, or change in any way the application of the insurance.

The contention sometimes asserted that the mortgagee clause overrides such provisions and clauses and nullifies them in so far as the mortgagee is concerned does not coincide with the general understanding, and a mortgagee cannot safely rely on such an extreme construction of the rights given to him under the mortgagee clause.

The following clause is sometimes used on a policy of insurance which is ordered and paid for by the mortgagee:

“Loss, if any, to be adjusted with, payable to and recoverable by,Mortgagee. It is understood and agreed that if in the event of fire there is found to be in force any other insurance in this or any other Company, said other insurance shall not be considered as contributing insurance nor shall said other insurance pro rate with this Company as far as the interest of.....in said loss is concerned, unless said other insurance is also payable to.....as.....Mortgagee. It is further understood and agreed that it is the intent of this Company to reimburse.....as mortgagee for the full amount of his loss up to the amount of this policy, regardless of any other insurance (except such as may also be payable to him) which may have been effected on said property.”

The best method of protecting all mortgagee interests, when there are two or more mortgages on the same property, is one of the questions that frequently arises, particularly with reference to the interest of the second and subsequent mortgages.

The method recommended by most authorities is to issue all insurance to the owner, with loss if any payable under a mortgagee clause to the first mortgagee, as interest may appear, remainder if any to second mortgagee, and so on. Unless complicated by some other question there should be no impairment of the security of any mortgagee interest if the full amount of the loss is paid to the first mortgagee, thereby reducing his mortgage interest by such sum, therefore, this method is equitable and in line with the principle of indemnity.

First and Subsequent Mortgagees

It has been claimed by some authorities that if property is encumbered by four mortgages and each mortgagee holds insurance for the full value of the property, payable to him alone under a mortgagee clause, that each set of insurance might be required to pay the full amount of any loss that was less than the mortgage interest covered thereby, which would therefore amount to paying four times the actual property loss. This is neither sensible nor equitable and it is at least doubtful whether any court would sustain such an uneconomical procedure. In fact there have been

so many conflicting decisions and opinions arising where mortgagees had separate insurance to protect their interests as to warrant the statement that no well settled principle has been laid down.

Certain it is that where each of two or more mortgagees obtains insurance, payable separately to him alone, all mortgagee interests are likely to be involved in questions of coin-surance, contribution, apportionment and subrogation which would be avoided if all insurance were made payable to all mortgagees in the customary manner.

CHATTEL MORTGAGE

Where a policy on personal property is made payable to a chattel mortgagee many companies will not permit the attachment of a mortgagee clause, being unwilling to give to the chattel mortgagee the benefit of that separate and broad contract. In such cases the payee clause is made to read, "Loss, if any, payable to John Doe as interest may appear, (or as mortgage interest may appear), subject, nevertheless, to all the conditions of this policy." The exception to this rule is where a large enterprise, such as a Railroad, has executed a mortgage, covering both real and personal property, to protect an issue of bonds, in which case there is usually no objection to making loss payable to the trustee for the bondholders, and attaching the mortgagee clause.

While insurance companies do not as a rule regard chattel mortgaged property as a good insurance risk, there are circumstances under which they will accept lines with more or less freedom on the recommendation of the agent. The following will serve as illustrations of such cases:

The stock of an old established drug, grocery or jewelry concern that has been purchased by one familiar with the business, giving in payment part cash and protecting the balance by a purchase money mortgage, which is to be reduced in regular installments;

Stocks in warehouses mortgaged to a bank to protect a loan.

STOCKS IN WAREHOUSE MORTGAGED OR PLEDGED TO A BANK TO PROTECT THE LOAN

In a case of this kind it has been the custom to attach the simple loss payable clause, but this is not always satisfactory to the bank. The best method of protecting the bank's interest in goods pledged as collateral for loan is to issue the insurance to the owner of the goods, attaching a standard mortgagee clause making loss payable to the bank. Some companies might object to this course since it is against established practice to attach a mortgagee clause to policies covering personal property.

Another suggested method is to issue the policy to the bank "For Account of Whom It May Concern." This has the objection that it gives any one having an interest in the goods the right to make claim for a share of the insurance in case of loss. The filing of such a claim upon the bank or the insurance company would require recognition if the interest were valid. If no other interest made claim under the insurance the insurance company ordinarily would pay the amount of claim to the bank and take its receipt, but this might not secure for the bank the exclusive protection desired. Perhaps the most important objection to this method is a possible complication regarding contribution. Unless goods are described in the policy by marks or numbers or otherwise specifically identified insurance might and probably would apply to any property of the same kind in the same location insured in a similar manner. To illustrate: Smith borrows from the bank on collateral of sugar in warehouse. Jones borrows from the same bank on the same kind of collateral in same warehouse. The bank takes out separate insurance on each lot of sugar under the title "For Account of Whom It May Concern." There is little doubt that all such policies covering sugar in warehouse would contribute with each other. Hence under-insurance in the aggregate, or insolvency of some one company, or other cause, might seriously complicate a situation so created.

Another suggested method is to issue policies to owner and/or bank as interest may appear with loss payable to the bank. Such a policy covers two separate and distinct interests—namely, ownership interest and lienor's interest—and has the advantage that in ordinary practice the bank may join in the adjustment of loss and would join in executing proofs, so that it would always be in touch with

the claim. In the extreme case a bank would have the right to render independent proofs, making claim for loss to its interest as lienor. Such a policy probably would not be avoided by an act of the owner affecting the owner's interest, because the bank's interest is a separate and different subject of insurance even though joined in one policy contract with the ownership interest.

PAYEE INTERESTS

Where a policy contains the provision, "Loss, if any, payable to John Doe, as interest may appear," it has been understood that such a clause did not cause the insurance company to assume any obligation, nor the payee to receive any rights, beyond requiring that any money becoming due and payable by reason of loss under the policy shall be paid to said payee and that payee shall be notified in case the insurance company elects to cancel the policy. There is no disputing this view in so far as any payee interests are concerned except a mortgage interest, but the courts in some cases now seem to be leaning toward the view that the intent of such clause is to give the mortgagee an interest in the insurance that is superior to the owner's interest. No opinion is ventured on this point, and it is mentioned only to show the care that needs to be exercised in putting loss payable clauses on policies covering personal property.

CHAPTER XIV

IMPORTANT CLAUSES

Affecting Amount or Distribution of Liability

COINSURANCE CLAUSES—THEORY OF COINSURANCE—5%
WAIVER CLAUSE—COINSURANCE (FLOATING)—COIN-
SURANCE AND LIMITATION CLAUSE—DISTRIBUTION
CLAUSES — PRO RATA CLAUSES — THREE-FOURTHS
VALUE CLAUSE—THREE-FOURTHS LOSS CLAUSE—TWO-
THIRDS VACANCY CLAUSE.

The use of coinsurance on fire insurance contracts is an adaptation of the average clause used in all marine insurance contracts and a principle that dates back to the earliest beginnings of maritime ventures.

Other	the earliest beginnings of maritime ventures.
Names	Such clauses in fire insurance contracts are also referred to as average clauses, contribution clauses, percentage coinsurance clauses, reduced rate average clauses, reduced rate coinsurance clauses and reduced rate contribution clauses, all having the same general meaning and effect, however worded, except possibly in cases of non-concurrency.

The following clauses will illustrate those in common use, though there are others with somewhat different wordings:

COINSURANCE CLAUSE

“It is hereby agreed that the assured shall maintain insurance during the life of this policy upon the property hereby insured to the extent of at least per cent. of the actual cash value at the time of the fire; and that failing so to do, the assured shall to the extent of such deficit bear his proportion of any loss.”

AVERAGE CLAUSE

“This Company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to per cent. (....%) of the actual cash value of said property at the time such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon.”

REDUCED RATE AVERAGE CLAUSE

“In consideration of the rate at and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract, that this Company shall be held liable for no greater proportion of any loss than the amount hereby insured bears to per cent. of the actual cash value of the property described herein at the time when such loss shall happen; but if the total insurance upon such property exceeds per cent. at the time of such loss, then this company shall only be liable for the proportion which the sum hereby insured bears to such total insurance, not exceeding the actual amount of loss to the property insured.”

PERCENTAGE VALUE CLAUSE

“If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than per cent. of the actual cash value thereof, this company shall in case of loss or damage be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said per cent. of the actual cash value of such property.”

Whenever clauses of this kind are attached to policy, it is the custom to include therewith the following condition:

“If the insurance under this policy be divided into two or more items the foregoing conditions shall apply to each item separately.”

The purpose of this clause is to avoid the possibility of there being sufficient insurance over the whole amount of property to comply with the 80% clause, yet with some item

covered by a specific amount of insurance very much less than the required 80%, thus defecting the purpose of the 80% clause.

In effect the coinsurance or average clause constitutes an agreement between the insured and the company determining the proportion of any loss for which **Its Meaning** the latter shall be liable, same being contingent upon the amount of insurance maintained in proportion to the value of property covered.

If the 100 per cent. (or full) coinsurance clause is used then the insured is entitled to recover such proportion of any loss as the total insurance bears to the total value of property covered.

Practically, if the insured maintains concurrent insurance equal to the value of property covered, the insurance pays all of any loss; if the insurance maintained is less than the value then it pays proportionately less of the loss. This is merely an example of the familiar "ratio and proportion" found in every arithmetic, and is usually clear to all.

Where many experience difficulty is in explaining the 80% coinsurance clause, yet its application is identical with the foregoing, being merely a requirement of 80% **80% Clause** insurance to value instead of 100%. Hence, if the insured maintains concurrent insurance equal to 80% (or more) of the value of property covered, the insurance pays all of any loss (not exceeding, of course, the amount of the insurance); if less than 80% insurance is maintained, then same pays proportionately less of the loss.

Actual Application of the 80% Coinsurance Clause: If the value of property covered is \$7,500, the insured should carry at least \$6,000 insurance, which is 80% of the value. If he carries only \$5,000 insurance then he is entitled to collect "no greater proportion of any loss than the total insurance (\$5,000) bears to 80% (\$6,000) of the actual value (\$7,500)," or $\frac{5000}{6000}$ ths of the loss, himself bearing $\frac{1000}{6000}$ ths thereof.

In other words he lacks \$1,000 of the requisite amount and must stand the proportion of the loss which that \$1,000 insurance would have paid. If the insurance carried is but \$4,000, then it pays $\frac{4000}{6000}$ ths of the loss and the insured bears $\frac{2000}{6000}$ ths thereof. But if he carries \$6,000 insurance, which is 80% of the value, then he is entitled to collect $\frac{6000}{6000}$ ths of the loss, namely, all of it.

Another method of illustration is as follows:

Value of Property	Amount of Ins. Required	Insurance Carried	Loss	Insurance pays	Insured bears
\$7500	\$6000	\$5000	\$3500	$\frac{5000}{6000}$ of \$3500 = \$2917	$\frac{1000}{6000}$ of \$3500 = \$583
7500	6000	4000	3500	$\frac{4000}{6000}$ of \$3500 = \$2333	$\frac{2000}{6000}$ of \$3500 = \$1167
7500	6000	3000	3500	$\frac{3000}{6000}$ of \$3500 = \$1750	$\frac{3000}{6000}$ of \$3500 = \$1750
7500	6000	6000	3500	$\frac{6000}{6000}$ of \$3500 = \$3500	$\frac{0}{6000}$ of \$3500 = 0

If in any particular case one wishes to know how much of a loss the insurance will pay, let him set down 80% of the **total value** of the property covered, the total amount of the **insurance**, and the total amount of the **loss**, and then work out the example precisely as in the illustration.

This demonstration will usually make the explanation clear and understandable, even if it was not so previously.

There is nothing in the clause to prohibit more than 80% insurance to value; thus if with a value of \$7,500 there is \$7,000 or \$7,500 insurance it must pay all of any loss up to those amounts. Many think that the 80% clause means that the insured is only entitled to collect 80% of any loss that occurs, but that is untrue as the above clearly shows.

The four things to remember when using the 80% clause are these:

1. That the 80% clause does not mean that the insurance will pay only 80% of any loss.

2. That if the insured fails to carry at least 80% insurance to value, then, in effect, he insures himself for the amount lacking, and this self insurance must pay its proportion of any loss.

3. That if a loss equals or exceeds the percentage of value stipulated in the coinsurance clause the latter is inoperative.

4. To ascertain the value of property and then be careful to have concurrent insurance amounting to 80% or more of such value, in which case the insured will be entitled to collect the loss just as if the clause was not attached to the policy.

100% (or full) and 90% coinsurance clauses follow the same principle, merely substituting the percentage of insurance to be carried.

• • •

The Theory of Coinsurance. Fire insurance is a system of averages in the sense that premiums collected from the many who insure must pay the losses of the few whose property is destroyed by fire. The cost of insurance, i. e., the rate of premium, varies in accordance with construction, hazard and means of extinguishing fire, and is reduced proportionately with the likelihood that fire occurring will only partially destroy the property involved. Manifestly rates can be so reduced

only when a partial loss to property will result in a proportionately partial loss to insurance thereon. Governed

To Preserve Equity by the laws of average these rates cannot be fixed to justly and equitably distribute the burden of this fire cost unless the percentage of insurance carried to the value of property covered is about the same in each case, or else some limitation of liability for loss in the proportion that insurance bears to value, precisely as it is impossible to justly and equitably fix an average rate of city taxation unless the assessed valuation of all buildings is fixed at the same percentage of their full or market value. It is therefore inequitable that one should

Like a Tax Rate insure for 50% of value, another for 30%, another for 80% and another for 100%, unless the insurance pays in like proportion on any loss that occurs, for otherwise some would pay less than their share of the average premiums while receiving full indemnity up to the amount of insurance carried. Every man expects to recover his loss in full, therefore he should pay his share of the average premium in full, or suffer the consequence of his neglect to bear his part of the burden.

These are the principles upon which the use of coinsurance is based, and its universal application to contracts of insurance will result in a more equitable distribution

Principles of the fire cost, and lower average rates of premium, than could possibly obtain without its adoption.

***Five Per Cent. Waiver Clause.** It is recognized that if large values are covered under an insurance policy it would work a hardship on the insured to require an inventory of the undamaged as well as the damaged property, hence there has arisen the use, in connection with the coinsurance clause, of the 5% waiver clause, reading as follows, or in words of similar meaning:

“In the event that the aggregate claim for any loss is both less than ten thousand dollars (\$10,000) and less

*Sometimes “Two” instead of “Five.”

than five per cent. (5%) of the total amount of insurance upon the property described herein at the time such loss occurs, no special inventory or appraisalment of the undamaged property shall be required."

"If the insurance under this policy be divided into two or more items, the foregoing conditions shall apply to each item separately."

It will be observed that this does not waive the application of coinsurance clause; it merely waives the special inventory of undamaged property in cases where the loss has been agreed upon.

Floating Coinsurance Clause. A special coinsurance clause for use in writing floating policies in New York State reads as follows:

"If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to per cent. (....%) of the total cash value of the property covered by this policy (including such excess value) at the time of any loss."

Coinurance and Limitation Clause. This is another special clause sometimes used in writing certain classes of property. Its use arose through the attempt to eliminate moral hazard by requiring that an insured must carry a certain fixed amount of insurance, yet must himself bear a certain amount of any loss sustained. The clause reads in various ways, of which the following is one form:

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than (75) per cent. of the actual cash value thereof, this Company shall, in case of loss or damage, be liable for such

portion only of the loss or damage as the amount insured by this policy shall bear to the said (75) per cent. of the actual cash value of such property; provided, that in case the whole insurance shall exceed (75) per cent. of the actual cash value of the property covered by this policy, this Company shall not be liable to pay more than its pro rata share of said (75) per cent. of the actual cash value of such property; and should the whole insurance at the time of fire exceed the said per cent. a pro rata return of premium on such excess of insurance from the time of the fire to the expiration of this policy shall be made on surrender of the policy.

Effects Permission for Other Insurance. It should not be overlooked that the attachment of a coinsurance clause constitutes permission for insurance in amount equal to the percentage of value stipulated by such clause.

DISTRIBUTION CLAUSE

Sometimes called the AVERAGE CLAUSE, the AVERAGE DISTRIBUTION CLAUSE and the PRO RATA DISTRIBUTION CLAUSE. This clause reads in various ways, the following forms being in most common use:

“This policy shall attach in each building or location in the proportion that the value in each bears to the value in all.”

“The amount of this policy shall attach pro rata with the value of property covered hereunder in each separate building or location.”

“This insurance shall apply in both locations pro rata according to the value of the property covered.”

“It is understood and agreed that the amount insured by this policy shall attach in each of the above named premises in that proportion of the amount hereby insured that the value of the property covered by this policy, contained in each of the said places, shall bear to the value of such property contained in all of the above named premises.”

The foregoing clause is also used with the word "buildings" in place of the words "premises" or "places."

"It is understood and agreed that the amount insured by this policy shall attach in or on each building, shed and other structure and/or place in that proportion of the amount hereby insured that the value of the property covered by this policy in or on each said building, shed and other structure and/or place shall bear to the value of all the property described herein."

Western Union Distribution Clause (West)

"It is a condition of this policy that the amount insured hereunder shall attach in or on each building, shed and other structure and (or) place, in that proportion of the amount hereby insured that the value of the property covered by this policy in or on each said building, shed and other structure and (or) place, bears to the value of all property described herein."

Uniform Pro Rata Distribution Clause (East)

"It is a condition of this contract that the amount insured hereunder shall attach in or on each building, shed and other structure and/or place in that proportion of the amount hereby insured that the value of the property covered by this policy in or on each said building, shed and other structure and/or place shall bear to the value of all the property described herein."

The clause used in writing lumber in New York State reads as follows:

"It is a condition of this contract that the amount insured under this policy shall attach at the time of any loss in each building and/or shed and in each section of yard or piling ground as shall be separated by feet or more of CLEAR SPACE (platforms and tramways without lumber piled thereon not included) from any other building or section, in that proportion of the amount hereby insured that the value of the property covered by this policy in each such location shall bear to the value of such property in all such locations."

Where policy is written blanket on building and contents, and the rule requires a specific amount on building, on ma-

chinery and on stock, the following distribution clause will serve the purpose if there is no prescribed form:

“This policy shall attach separately on building, on machinery and on stock therein, in the proportion that the value of each bears to the value of all.”

Where there is more than one building, and it is desired to write buildings, machinery and stock blanket, with distribution clause applying separately to each building, to the machinery in each and to the stock in each, the following form of clause will serve if there is no prescribed form:

“This policy shall attach separately on each building, on the machinery in each building and on the stock in each building, in the proportion that the value of each such subject bears to the value of all.”

The meaning and application of all such clauses follow the same principle, and can hardly be explained any more simply and clearly than by the clauses themselves.

Meaning The distribution clause automatically makes a policy specific, for under its operation the insurance follows the value of property proportionately in the various buildings or locations, or, expressed another way, the insurance attaches specifically in the various buildings or locations proportionately with the value of property covered. This may be illustrated as follows:

If a \$20,000 policy is distributed over five items aggregating \$30,000 in value as shown below, then “This insurance (\$20,000) shall cover in each building (or location) in the proportion that the value in each bears to the value in all,” with the following result:

	Value	Proportion	Insurance
Building 1	\$4,000	4/30ths	\$2,666.67
Building 2	6,000	6/30ths	4,000.00
Building 3	12,000	12/30ths	8,000.00
Building 4	5,000	5/30ths	3,333.33
Building 5	3,000	3/30ths	2,000.00
Totals	30,000	30/30ths	20,000.00

The distribution clause is designed for use when property

constituting two or more separate risks, not likely to be involved in any one fire, is written under a blanket form, for without its use the insurance would have to be made to cover for specific amounts at each location, otherwise the 90% or 100% coinsurance clause made a part of the contract. (See Blanket Forms.) There is usually no reason for its use when insuring buildings, for their values are not subject to much fluctuation; its advantage lies in covering contents (either machinery or stock) under a blanket form where the values are shifting from building to building, or location to location, yet are fairly stable in the aggregate, for it is not always feasible with such shifting values to carry specific amounts in each building or location.

The blanket form is often used with the distribution clause and the 80% coinsurance clause and the advantage here lies in securing the benefit of the lower rates offered for the use of coinsurance without having to carry specific amounts in each building or location as is otherwise required when the 80% clause alone is used. As has been stated, it is not always feasible to maintain just the right amount of insurance in each place separately, whereas it is usually easy to keep track of the values as a whole, and thus to comply with the conditions of the coinsurance clause. It also gives a wider margin for fluctuations of values, so that there is less likelihood of having insufficient insurance, and thus having to bear a part of the loss; besides there is the saving in the expense of the extra 10% or 20% insurance that would be needed to comply with the 90% or 100% clauses.

The insured should be cautioned and made to clearly understand that when the distribution clause is used he must carry sufficient insurance in the aggregate to supply his requirements in any particular building or location as to the amount of indemnity needed, knowing that whatever amount of insurance is maintained in proportion to the total value of the property covered will apply in the same relative proportion to the value of such property in each specific building or location. Also that he must carry enough insurance to value in the aggregate to supply his needs with reference to the coinsurance clause if one is attached to his policies. Sometimes the distribution clause is used with the 90% coinsurance clause, but it is not used with the 100% clause for obvious reasons.

There is no disadvantage to the insured in the use of a blanket form with the distribution clause and the 80% clause, as compared with a form covering specifically each separate building and/or contents with the 80% clause, assuming that the same relative amount of insurance is to be maintained in each case; nor as compared with a blanket form and the 100% clause (except that he may have less insurance): But there is one disadvantage as compared with a blanket form and the 90% clause without the distribution clause, viz., that when the 90% clause alone is

Disadvantage used, and the insurance maintained is not less than 90% of the total value of all the property covered, then if the property covered in any one location is entirely destroyed by fire the whole amount of the policy applies thereon and therefore the entire loss is paid out of the insurance, whereas if the distribution clause also were used the insurance would apply on such property only in the same proportion that the whole insurance bore to the whole value, and the available insurance might therefore be exhausted before the entire loss was paid subject to the distribution clause. For example, 6 buildings valued at \$40,000, insurance \$36,000, value building destroyed \$10,000, loss \$10,000, insurance applying \$9,000, insurance pays \$9,000.

PRO RATA CLAUSE

This clause commonly reads: "This policy covers pro rata of each of the above amounts aggregating \$.....," and means that the amount of the policy applies on each item in the same percentage that the whole amount of the policy bears to the whole amount of the items. For example, if a \$5,000 policy applies pro rata over items aggregating \$20,000, then 5/20 or 1/4 of the policy will apply on each item, which is illustrated as follows:

Item 1	\$9,000	Policy covers	\$2,250
Item 2	7,000	Policy covers	1,750
Item 3	4,000	Policy covers	1,000
<hr/>		<hr/>	
Total	\$20,000	Policy covers	\$5,000

It will be seen therefore that the pro rata clause makes the policy apply specifically and proportionately on each item, and this is true whether the amount of the policy is greater or less than the aggregate of the items.

If the foregoing example be reversed, it will illustrate the latter; thus a \$20,000 policy applies pro rata over items aggre-

gating \$5,000 and then 20/5 or four times the policy will apply on each item, which is illustrated as follows:

Item 1	\$2,250	Policy covers	\$9,000
Item 2	1,750	Policy covers	7,000
Item 3	1,000	Policy covers	4,000
<hr/>		<hr/>	
Total	\$5,000	Policy covers	\$20,000

Sometimes it is the desire not to have the form disclose how large an amount of insurance is carried, and for this reason the amount stated in the form as applying on each item will be less than the actual amount of insurance carried on such item. A favorite method is to make each item of the form show some fraction of the real amount of insurance, for instance, one-quarter; thus, if the real amount under all the items aggregates \$200,000, then the amount filled in for each item is 1/4 of the real amount applying on such item, and the sum of the items is \$50,000. Each policy stipulates that it covers pro rata of all the items, and a total of \$200,000 insurance is then written under such form. If during the term of the insurance an increased amount is needed on any one item, it is usually simpler to place separate insurance covering specifically on such item for the additional amount required rather than to change the item on all of the pro rata policies.

THREE-FOURTHS VALUE AND THREE-FOURTHS LOSS CLAUSES

In some sections of the United States a clause is required limiting recovery either to three-fourths of the cash value of property covered, or, to three-fourths of any loss sustained, the object being to eliminate moral hazard in so far as that may be accomplished by making the insured sustain a part of any loss that occurs. These clauses are variously worded, the following being commonly used forms:

THREE-FOURTHS VALUE CLAUSE

“It is a part of the consideration of this policy and the basis upon which the rate of premium is fixed, that, in the event of loss, this company shall not be liable for an amount greater than three-fourths of the actual cash value of the property covered by this policy at the time of such loss, and in case of other insurance, whether policies are concurrent or not, then for only its PRO RATA proportion of such three-fourths value.

If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

Total insurance permitted is hereby limited to three-fourths of the actual cash value of the property hereby covered and to be concurrent herewith."

THREE-FOURTHS VALUE CLAUSE (Another Form)

"It is understood and agreed to be a condition of this insurance, that, in the event of loss or damage by fire to the property insured under this policy, this company shall not be liable for an amount greater than three-fourths of the actual cash value of each item of property covered by this policy (not exceeding the amount insured on each such item) at the time immediately preceding such loss or damage; and in the event of additional insurance, if any is permitted thereon, then this company shall be liable for its proportion only of three-fourths such cash value of each item insured at the time of fire, not exceeding the amount insured on each such item.

\$..... other insurance, warranted concurrent herewith, permitted.

It is understood and agreed that no additional insurance is permitted unless amount allowed is entered in blank space in paragraph next above."

THREE-FOURTHS LOSS CLAUSE

"It is understood and agreed to be a condition of this insurance, that, in the event of loss or damage under this policy, this company shall not be liable for an amount greater than three-fourths of such loss (not exceeding the sum insured) and, in the event of additional insurance permitted thereon, then this company shall not be liable for an amount greater than its proportion of three-fourths of such loss; in both events the other one-fourth to be borne by the insured."

The essential difference between the two clauses is, that, under the three-fourths value clause the company is liable for any loss that does not amount to more than
Explanation three-fourths of the actual cash value of the property covered, and therefore it really does not operate to make the insured stand any portion of his loss unless such loss exceeds three-fourths of the actual cash value; but, under the three-fourths loss clause the company

is liable only for three-fourths of any loss that occurs, and the insured bears one-fourth of any loss. It will be seen, therefore, that the three-fourths loss clause should act as a greater deterrent to carelessness, and presumably has a greater moral effect than the three-fourths value clause.

TWO-THIRDS VACANCY CLAUSE.

Vacancy, and to a less extent unoccupancy, is recognized as increasing the hazard of fire. With both there is the danger that tramps, or boys, or other unauthorized persons, may enter premises, and, by carelessness or with malicious intent, set fire thereto. Then, too, property deteriorates rapidly unless it is in use and thus values are reduced,—such a condition always creating a potential moral hazard.

Frequently a charge is made for either vacancy or unoccupancy, but in lieu of a charge the two-thirds vacancy clause is sometimes attached to the policy continuing it in force for only two-thirds of its amount or for only two-thirds of any loss during the time of such vacancy or unoccupancy.

Two forms of clauses are given herewith:

Two-Thirds Vacancy Clause. “The.....Insurance Company hereby consents that the building above described may remain vacant for a period of not exceeding days from date hereof, to expire at noon.

And in consideration of the increased hazard occasioned by vacancy, and in lieu of additional premium therefor, it is hereby AGREED that while the premises so remain vacant under this permit the amount of insurance under this policy shall be reduced one-third; and when attached to a policy covering more than one item, the amount of insurance on each item shall be considered as having been reduced to the extent above named. This permit is given and accepted under the foregoing conditions.”

Two-Thirds Vacancy or Unoccupancy and Loss Clause. “Permission is hereby given that the premises described herein may remain vacant or unoccupied from the day of 19., to the day of 19., at noon.

And in consideration of the increased hazard by reason of such vacancy or unoccupancy it is hereby understood and agreed, that, during such vacancy or unoccupancy

ONE-THIRD of the amount of the insurance hereunder shall be and remain suspended and of no effect, and in case of loss this company shall not be liable to pay or make good to the insured exceeding TWO-THIRDS of the amount insured on said premises, not exceeding TWO-THIRDS of the amount of loss or damage there-to."

To either of the above clauses other conditions are sometimes added, for example:

"Provided, also, that while said building is vacant (or unoccupied), the doors and windows shall be securely fastened, and the premises be in charge of a competent person who shall from time to time personally examine the same."

"It is understood and agreed between this company and the insured that the building shall be under the supervision and care of some competent person during such time, and the doors and windows securely closed and locked or bolted, and all rubbish removed from said building; otherwise this policy is null and void."

CHAPTER XV

SPECIAL KINDS OF INSURANCE (SIDE LINES)

AIRCRAFT—AUTOMOBILE—CROP—EARTHQUAKE—EXPLOSION, RIOT AND CIVIL COMMOTION (INCLUDING STRIKE)—FLOOD—HAIL—MAIL PACKAGE (PARCEL POST)—RADIUM—RAIN—REGISTERED MAIL—SALESMEN'S SAMPLES—SPRINKLER LEAKAGE—TORNADO—TOURIST BAGGAGE—TRANSPORTATION—WATER DAMAGE.

Aircraft Insurance. The marked developments in designing, manufacturing and flying heavier-than-air machines that took place during the war have led to greatly increased use since then of both aeroplanes and hydroplanes for pleasure and commercial purposes. In turn this has brought a demand for the various forms of insurance now being granted by some of the stock fire insurance companies.

Under a special form of policy following quite closely the phraseology of the automobile form protection is given against loss by fire, theft, collision and property damage and, by special endorsement, losses from windstorm and from mooring perils (seaplane) and other special risks.

The rates are high and vary according to the classification of the pilot as regards his training, experience and record. At present (1922) all policies contain the three-quarters loss clause and there are various other special clauses and provisions that are made a part of the contract as may be necessary or required.

Insurance may be obtained not only to cover the owner of the plane for property damage he may cause, but also to cover the propertyholder against loss due to falling or unmanageable planes. The demand for the latter cover was stimulated by the disaster in Chicago where an aircraft crashed into the dome of the Illinois Trust Company in the heart of the city, killing several people and causing a considerable property loss.

Automobile Insurance. Under this general term is included insurance of all motor vehicles, whether electric, gasoline or steam, and whether pleasure or business cars, trucks, tractors or motorcycles.

The premium account for this class of business has become a large one, having been over \$80,000,000 in 1921. It is estimated that there are 10,291,674 motor vehicles in use (1922) in the United States and that only one in four is insured, so the field for developing further business is a large and growing one. The great bulk of cars are of the pleasure type, gasoline driven and individually owned.

Automobile insurance is written by stock fire insurance companies and also to some extent by mutuals and reciprocals.

Two special forms of policies are now (1922) in current use, one covering against the perils of fire and transportation, the other fire, transportation and theft; by special endorsement liability for collision and for property damage may be assumed under either.

The fire and transportation policy covers the automobile and its equipment wherever it may be in the United States and Canada against loss by fire arising from any cause whatsoever and lightning; also while being transported in any conveyance by land or water caused by the stranding, sinking, collision, burning or derailment of such conveyance, including general average and salvage charges for which the insured is legally liable.

The fire, transportation and theft policy covers the same perils and in addition loss by theft, robbery or pilferage, excepting theft, robbery or pilferage by any person or persons in the insured's household or in the insured's service or employment, whether such theft, robbery or pilferage occurs during the hours of such service or employment or not; the wrongful conversion, embezzlement, or secretion by a mortgagor or vendee in possession under mortgage, conditional sale or lease agreement; and in any case, other than in case of the theft of the entire automobile described herein, the theft, robbery or pilferage of tools and repair equipment.

Each form of policy contains a somewhat extended de-

scription of the automobile and certain facts in relation to its ownership, intended uses and where it is customarily kept. There are various provisions and conditions affecting liability of the company and recovery by the insured, all intended to make a clear and equitable contract.

Collision liability may be assumed by special endorsement and covers loss or damage by accidental collision excepting:

- Collision**
- (1) Loss or damage to any tire, due to puncture, cut, gash, blowout or other ordinary tire trouble; and excluding in any event loss or damage to any tire, unless caused in an accidental collision which also causes other loss or damage to the insured automobile;
 - (2) Loss or damage occurring while the automobile insured is engaged in any race or speed contest or while being operated by any person under the age limit fixed by law or in any event under the age of sixteen years.

There is also a provision that the amount recoverable for accidental collision shall not exceed the actual cash value of the property at the time of any loss or damage, but shall not be limited by the amount of insurance named in the policy. This means that if a policy is written for \$1,200 fire, transportation (and theft) on a car actually worth \$2,000 which was totally wrecked by collision that the company would be liable for \$2,000. Collision claims may be cumulative without limit as to the number of accidents during the policy year. Collision insurance is charged for on the basis of a stated premium for a particular car rather than a stated rate per hundred dollars of insurance and the formula for arriving at such stated premium considers the type, age and average value of each kind and model of automobile manufactured.

In addition to the liability assumed for the full collision, forms are also in use which contain a deductible clause reading as follows: "The perils insured against hereunder include accidental collision where the damage from such collision to the automobile and/or equipment herein described is in excess of \$....." (either \$50 or \$100 as the case may be) "each accident being deemed a separate claim and said sum to be deducted from the amount of each claim when determined."

Deductible Clause

Property damage liability may be assumed by special endorsement which covers the insured's legal liability to other persons for the injury to or destruction of the property of such persons (including resultant loss of use of such property), and in addition thereto the legal expenses incurred by the insured with the consent of this Company in connection with such injury or destruction, resulting solely and directly from the ownership, maintenance or use of the automobile herein described, provided such injury or destruction occurs during the period covered by this policy, subject, however, to the following limitations and exclusions:

**Property
Damage**

- (1) Property of the insured, or in charge of the insured or of any of his employees, or carried in or upon the automobile described herein, is excluded from this coverage;
- (2) This company's liability for injury or destruction is limited to the actual cash value of the property destroyed at the time of its destruction and/or the actual cost of the suitable repair of the property injured, but in no case shall this company be liable with respect to claims (including claims for loss of use) arising from one accident for more than \$1,000, and in addition thereto the legal expenses incurred by the insured with the consent of this Company.
- (3) The insurance under this endorsement does not attach or cover while the automobile insured is engaged in any race or speed contest, or while being operated by any person under the age limit fixed by law or in any event under the age of sixteen years.

[Note: Additional insurance for a greater sum than \$1,000 in any one accident may be secured by the payment of a slightly higher premium.]

For rate making purposes, motor vehicles are divided into four general classes, (1) private passenger cars, (2) commercial cars, (3) public automobiles and (4) dealers' and manufacturers' cars. Manuals are published containing all the rates, rules and forms for all cars included in these groups that are on the market and in use, showing the year of manufacture of

Rating

the various models with their horse power, list price, etc., for each make.

A large variety of special forms, rates and rules has been developed to care for the various conditions of the business and the uses to which motor vehicles have been adapted. Special forms and rates are used for dealers' open policies, manufacturers' output and others, and special rates apply to Fire Department apparatus, hearses, ambulances, patrol wagons and street sweepers, oil trucks and commercial fleets of ten or more cars.

There are also a number of special endorsements that may be attached to policies under certain conditions. Among these may be mentioned:

Additional Body,
Bumper,
Equipment Exclusion,
Fire Extinguisher,
Livery and Renting,
Locking Device,
Monthly Reduction,
Pilferage,
Speed Contest,
Personal Effects.

Automobile Diminishing Clause (used in some territories).
"It is a part of the consideration for which this policy is issued that the amount of insurance in force thereunder shall be reduced (without return of premium or further endorsement) by 2% of the original amount at the end of each calendar month during the first year and by 1% of the original amount at the end of each calendar month thereafter.

The amount of insurance in force at any time shall be considered as a maximum only and shall in no way be construed as fixing a value on the automobile insured hereunder, it being understood and agreed that in case of loss the terms and conditions of the policy relating to adjustment and appraisal shall remain in full force and effect."

Insurance may also be procured on automobiles against loss by tornado, earthquake, explosion, riot and civil commotion, hail, water damage and other similar perils, all of which are assumed under a special endorsement attached to the regular automobile policy.

Automobile insurance rates, forms, rules and requirements have been in a state of flux for some years, for it is of such recent origin and marked growth that it has been difficult to keep pace with the public requirements, but practices are gradually approaching a more stable condition, and should reach an equilibrium before long.

Because of the frequent changes in rates and forms, it is necessary for agents and brokers to make sure at all times that they have the latest information promulgated.

Crop Insurance. There have been several attempts on the part of mutual and stock companies to insure growing crops against damage from various and sundry causes, but so far these have not been successful from all standpoints and the sale of such indemnity upon well settled principles has not yet been developed to a point where it is readily available upon satisfactory terms and under a satisfactory contract to all purchasers. There have been three general plans tried. The first plan contemplated insurance covering all the hazards to which crops are subject with the exception of fire, floods, winterkill and failure on the part of the farmer to properly till and care for his crops, the amount of insurance being fixed at a uniform sum for each acre insured.

Under the second plan the amount of insurance to be written per acre was fixed on the basis of actual investment in the crop by placing a specified value on each operation in preparing the soil and tilling and harvesting the crop, then adding to this sum a reasonable allowance for seed and rental value of the land. It undertook to insure loss or damage by the elements, including frost, winterkill, flood and drought, and from insects or disease, but not if resulting from fire, hail, wind, tornado, failure of the seed to germinate, or failure on the part of the farmer to properly do his part in seeding, cultivating or harvesting the crop.

Under the third plan the basis for determining the amount of insurance is the average yield during the past five years together with the price of the product during the same period.

The rates that have been charged average around 7 or 8% and the following are some of the provisions which have been contained in the specially prepared policies used for this class of indemnity.

“In case the crop insured hereunder shall be totally destroyed and/or abandoned by reason of any of the hazards

insured against, before the time of harvest, the liability of this company shall not exceed 75% of the cost of crop operations actually performed up to the time of such total destruction or abandonment, nor more than 75% of the amount insured hereunder."

"If at the time of harvest and/or threshing the crop yield by reason of any other hazards insured against does not equal or exceed in quantity the estimated yield set forth in the insured's application, the company's liability for deficiency in crop yield shall not exceed that proportion of the amount insured hereunder that the deficiency in the crop yield below the estimated yield bears to the estimated yield, but in no event shall this company be liable for deficiency in crop yield in case the crop harvested shall, by standard measure, or in the case of a crop which requires to be threshed, by threshing machine measure, equal or exceed the estimated yield set forth in the insured's application attached hereto.

"If at the time of harvest and/or threshing it shall be proved by the insured that the crop harvested has suffered damage in quality by reason of any of the hazards insured against hereunder, the liability of this company for such damage shall not exceed the same percentage of the amount of insurance remaining, after deducting from the total amount insured, the amount, if any, allowed for deficiency in crop yield as the ascertained percentage of damage to the crop harvested.

"In no event shall the liability of this company exceed what it would cost at the time of harvest and/or threshing to replace or make good any part or all of the estimated yield set forth in the application with products of like kind and sound quality; no more than the amount, if any, by which the amount insured shall exceed the market value of the crop harvested."

The Government has interested itself in this subject and published bulletin No. 1043 of the Department of Agriculture as of January 23rd, 1922, which goes into considerable explanation of the whole subject.

The real need for crop investment insurance comes not only from the farmer but also from bankers and merchants who are interested as creditors to a large extent dependent on successful crops for the liquidation of debts for money loaned or goods sold on credit. A plan for crop insurance

which is equitable, economical and practical would tend to place farming on a better business basis than it can be where the farmer himself takes the whole risk of loss by drought, insects or other perils.

Earthquake Insurance. This form of insurance has a very limited demand, being confined almost exclusively to the Pacific Coast. When written, the standard fire policy is used with a special form which provides:

That the word earthquake shall be substituted for the word fire wherever the latter occurs in the printed portions of the policy;

That the Company shall not be liable for loss or damage caused by fire, whether the fire be caused by earthquake or otherwise;

That if the property be damaged or destroyed partly by earthquake and partly by fire, the Company shall not be liable for a greater amount than the difference between the actual cash value of the property at the time of such loss or damage and the actual cash value of the portion of said property destroyed by fire.

In addition to the foregoing, certain provisions of the printed portions of the policy are eliminated, being the cease operations, the mechanics, the fallen building, and the vacancy or unoccupancy clauses, and those provisions relating to illuminating gas, and the keeping of certain enumerated articles, such as benzine, fireworks, etc.

The 1% Loss Exemption, and the 70% Coinsurance Clauses are attached; otherwise the contract is subject to the printed conditions of the fire policy.

Rates on the Pacific Coast vary according to construction of buildings, these being divided into four classes, the rates applying with 70% clause run from about 12½ cents to 32 cents.

Contents are divided into two classes according to estimated damageability by earthquake and rates are 25% and 50% respectively higher than the rate for building they are in.

Explosion, Riot and Civil Commotion (sometimes called "Strike" insurance). This class of indemnity, inaugurated in somewhat different form during the late war, is given permanent value and salability by the complexities and problems of present business and social conditions.

The developments that have accompanied modern manufacturing methods, processes and machinery and the increasing use of various chemicals and of gasoline, naphtha, acetylene and oil fuel, bring possibilities of explosion formerly unknown or rare, so that severe damages not covered by the regular fire insurance policy may easily occur.

The industrial and social disorders developed by present conditions, and the large numbers of different nationalities existing among our population and not yet assimilated provide an ever present potentiality for trouble; agitation or resentment over real or fancied grievances may easily find an outlet in crime and violence resulting in destruction of valuable property. There have been notable instances of these eventualities in the past, such as bombing of newspaper offices and the homes of public officials, judges, capitalists and heads of large industries; in the Wall Street, New York, bomb explosion, the Youngstown, Ohio, disturbances, the Boston strike and the race riots at various points. No one can tell when or where the next outbreak may occur or how serious it may be.

Losses from explosion or riot and civil commotion are not covered under the Standard Fire Policy which states:

“This company shall not be liable for damage occurring by explosion, unless fire ensues, and in that event, for loss or damage by fire only.”

“Nor for loss or damage caused directly or indirectly by invasion, insurrection, riot, civil war or commotion or military or usurped power, or by order of any civil authority.”

The demand for protection against such losses has been met by the preparation of special forms of policies that cover as follows:

An EXPLOSION policy covers against direct loss to property by explosion whether originating on the premises of insured or elsewhere, occurring from accidental or malicious causes, including processes of work and materials. It excludes only explosion originating on the insured's premises in steam boilers, pipes, fly wheels, engines and machinery connected therewith, which are intended to be covered specifically under casualty insurance policies. Explosion from other than steam piping is therefore covered.

A RIOT AND CIVIL COMMOTION policy gives much more complete protection since it covers all that is con-

templated under an explosion policy and in addition covers riot, insurrection and civil commotion, including that which may come about through a strike. Thus it offers protection against loss of property by explosion and by industrial disorders, including destruction of buildings, machinery and stocks by mobs or by employees on strike, or from bombing, or concerted violence arising through ignorance, or from vicious or anarchistic sources.

The insurance may be written to cover building, machinery and/or stock blanket, or any one of them specifically if desired; usually the 50% coinsurance clause is required, with further credits for the 80% or 100% clauses.

Policies may be written covering rents, and rental value, leasehold, use and occupancy, profits and commissions, tornado, legal liability and other insurable interests as well as direct property damage. The rates applying differ for the various classes of risks and at present (1922) range from 5c. per \$100.00 per annum upward.

By specific endorsement the following clauses may be attached;

Consequential Loss Clause. "This insurance being otherwise against only direct loss or damage (in consideration of additional rate charged, this Company also assumes liability not exceeding the amount of this policy remaining after the liability of this Company for any direct loss or damage has been determined) for any loss or damage to the property described while contained in the above-named building or buildings caused by change of temperature, resulting from the total or partial destruction or disablement of the cooling apparatus, connections or supply pipe by explosion or other hazards specifically assumed hereunder."

Foundation Clause. "Foundations and other parts of the building and the appurtenances thereof, which are below the under surface of the lowest basement floor, or, where there is no basement, which are below the surface of the ground, are excluded from being covered by this policy, but no other part of the structure or of the appurtenances thereof are so excluded."

Glass Breakage Clause. This company shall also be liable for loss and/or damage to glass which may be a part of the buildings insured, to an amount, however, not exceeding 10% of the value of such buildings; subject in all other

respects to the printed conditions of this policy and/or conditions attached hereto, but in no event shall this company be liable for a greater proportion of such loss or damage than the amount which this policy bears to the total amount of all similar insurance whether or not such other insurance shall include liability for loss or damage to glass.

Thirty Day Notice of Cancellation Clause. The 8th paragraph of the printed conditions of this policy is hereby amended to read as follows:

“This policy shall not be subject to cancellation by the insured or by this company for a period of ninety days beginning with the date of this policy, but thereafter this policy shall be cancelled, at the request of the insured, provided at least thirty days’ previous notice shall have been given in writing by the assured to the company, of the desire for such cancellation, in which case the company shall upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time, meaning the customary short rate of fire insurance practice. This policy may be cancelled by the company after the end of ninety days, by giving to the insured a thirty days’ written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess if not tendered, shall be refunded on demand and surrender of this policy. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand.”

Pillage and Looting Clause. “It is a condition of this insurance that the exclusion of loss by ‘theft’ in the printed conditions of this policy shall not be construed to exclude direct loss from pillage and/or looting, when such pillage and/or looting occurs during and at the immediate place of a riot, subject in all respects to the conditions and limitations of this policy.”

Absolute Non-Cancellation Clause. In consideration of the rate of premium at which this policy is written it is stipulated and made a condition of the contract that this policy shall not be cancelled during its term by either of the parties hereto, any printed conditions in this policy to the contrary notwithstanding.

Flood Insurance. This form of indemnity is of recent origin in the United States, but there is a very considerable demand for such protection in the vicinity of rivers and dams and along the sea coast and an increasing amount is being sold each year.

It is written under a special form of policy which covers against all direct loss or damage by water caused by flood, overflowing rivers and/or tidal wave and by removal from premises so endangered; all risks of fire and of windstorm are excluded.

By endorsement the policy may be extended to cover the accidental discharge or leakage of water from water supply mains or public hydrants located outside the premises and the form contains a stipulation that the company shall not be liable for loss or damage arising from breakage or leakage from any system of piping or apparatus for the use of water, including the standpipes, hose, automatic sprinkler system, and all accessories thereto within the building or buildings, it being the intent to limit the liability to loss or damage caused by accidental inflow of water from without, but not to include damage due to roof leakage or damage caused by rain entering windows, or sky lights, or from choked sewers, or damage caused by the fire department or fire protection apparatus.

Customarily basement stocks are not covered under the policy, although they may be included for limited amounts by special endorsement. 80%, 90% or 100% coinsurance clause is required. The policies are written only on application and premium is payable in advance. Rates vary according to location, season and previous flood record.

Hail Insurance. Hail insurance on growing crops is written throughout the United States, but chiefly in the grain states west of the Mississippi River. Special forms of policies cover against loss or damage by hail to such crops as wheat, rye, corn, hay and alfalfa and also in some sections fruit trees and tobacco.

The unit is usually one acre and the limit of liability that may be assumed this year (1922) is \$20.00 per acre on grain on non-irrigated land and \$30.00 per acre on grain on irrigated land. The rate runs from 3% to as high as 20% in some sections. Because of the technical nature of the adjustments and the experience necessary for this work, losses for practically all companies writing the class in the

Central and Western States are adjusted by the Western Adjustment and Inspection Company which maintains a special force for this purpose.

The business is seasonal, insurance being taken out usually when the farmer sees he has a crop in sight. The writing of this class usually starts first in Texas and Oklahoma during March and in other sections at later dates up to July in North Dakota. All policies cease to cover when the crop is harvested, but in any event terminate on September 15th or October 1st according to locality.

Hail insurance on other property than growing crops is usually assumed in connection with tornado insurance by attaching to the tornado policy (not to a fire policy) a rider reading as follows:

“In consideration of \$. extra premium, it is made a condition of this insurance that this policy shall cover any direct loss or damage to the property described herein, caused by Hail, whether accompanied by wind or not; provided, however, that if there shall be any other tornado insurance on said property, this company shall be liable only pro rata with such other tornado insurance for any direct loss or damage caused by Hail, whether such other tornado insurance covers direct loss or damage caused by Hail or not. It is a further condition of this insurance that this company shall not be liable for loss or damage caused by Hail to hay, grain or straw, in fields or in stacks.”

Mail Package (Parcel Post) Insurance. The enormous number of packages handled by the Post Office Department, being in excess of 1,000,000,000 annually, with all the opportunity for loss from fire, wreck, theft, breakage and non-arrival due to various causes, has led to the development of this form of insurance, which is becoming of growing importance with the increase in this convenient and inexpensive form of shipping.

The opportunity for loss has been recognized by the United States Government which maintains a system of insurance that in 1921 is said to have paid losses amounting to over \$5,000,000, which indicates the wide field that exists for the sale of such indemnity.

For the occasional shipper the Government insurance is probably the most convenient, but for those shipping goods regularly by mail a comparison of the Government method

with that of the insurance company may disclose advantages for the latter.

• **Government Method:**—This contemplates that a package must be taken to the Post Office and receipt obtained, resulting in time being spent waiting in line especially at busy hours of the day when goods are most apt to be shipped. Collection of a loss claim calls for considerable delay because of the routine through which it must go before the claim can be recognized and paid by the Government.

Insurance Company Method:—There are two ways of writing this class of insurance. The one most commonly used is called the “certificate method” under which a policy is issued with a book of 100, 200 or 500 certificates attached. To insure thereunder the name and address of consignee, kind and value of article insured, date and class of mail by which shipped is entered on the certificate stub and the coupon detached for inclosure with package or invoice. The cost of such a policy usually runs from 5c. to 10c. per coupon or certificate.

The other method is called the “reporting form” and is used by large shippers. The policy provides for reporting shipments on large sheets or bordereaux and an agreed rate is charged for insurance equal to the total value of the goods shipped. A deposit premium of say \$100 is required and monthly reports of shipments are made to the company and additional premium paid after the initial premium is exhausted.

Under either method from the moment a package passes into the custody of the Post Office, either through delivery to carrier, or deposit in the collection box, or at the Post Office itself, the contents are insured against loss due to non-arrival from whatever casualty until delivered to consignee. By either of these methods the shipper is enabled to preserve in convenient book form the necessary record of his shipments and effects insurance in his own premises, thus avoiding waste of time and cost of messenger in sending to Post Office.

If the package is not received by the consignee within a reasonable time, or is delivered in damaged condition, claim is made on company or its agent under a simple form and is customarily paid without delay.

While the amount of premium from this class is not great

compared with some other lines, it is steadily increasing and is one of the ways of helping out the premium account.

Radium Insurance. Among the interesting forms of insurance called for by modern science is that covering the loss of radium. This valuable product is in use by doctors, surgeons and hospitals and very tiny quantities cost a great deal of money; radium having about the bulk of a small bead is worth \$10,000.

Insurance thereon is issued under a special form of policy and covers against all risks of loss or damage, while within the limits of the United States and/or Canada, except invasion, insurrection, riot, civil war or commotion, or military or usurped power or risks of contraband or illicit trade. "All risks" includes fire, lightning, windstorm, flood, theft, breakage, disappearance and other causes.

Practically the only special condition in the form is one requiring that a patient being treated by the radium insured shall be under the care and direction of a doctor, nurse or other attendant. This is to avoid the possibility of a patient taking off the bandages because of irritation or other cause and losing the radium.

Rain Insurance. The sale of rain insurance is of quite recent origin in this country although it has been in vogue in England and continental Europe for some years.

It is written under a special form of policy upon application furnished by the insured through agent or broker and is intended to provide protection against loss sustained because of rain, snow, hail or sleet.

Outdoor events, whether of a business or charitable character, are largely dependent on fair weather for success. Often in preparing for an event considerable sums of money are spent which may be lost if rain occurs, to say nothing of anticipated profits. In many legitimate and proper ways rain insurance serves the useful purpose of providing indemnity for losses that cannot be avoided otherwise.

Various forms and conditions are in use, but in a general way the policy provides indemnity for loss of expenses, or of profit, or income, or gate receipts if rain falls during certain hours of a given day or during several stated days. The policy stipulates that there can be no recovery unless the rainfall, established by a Government observer, is at least 1/10ths or 2/10ths of an inch, as the case may be, during the time specified in the policy.

For obvious reasons no order is accepted unless received and paid for at least five days before the event takes place.

The business is of a hazardous nature not subject to close calculation and liable to very large losses if there is wide spread rain on such days as May 30th, July 4th and Labor Day. The rates are correspondingly high, ranging from 4% upward. If recovery is based on 1/10" rainfall, rates are higher than if based on a greater rainfall, because loss might be sustained in the one case and not in the other. Likewise the longer the hours covered the higher the rate because of the greater chance of loss occurring. Elaborate and carefully worked out tables of rates apply to the various sections of the country and to various seasons of the year, all the result of detailed study of Government weather reports over a series of years.

The opportunities for selling rain insurance are much greater than might be thought on first consideration, for instance, all of the following are natural subjects of Rain insurance: baseball games; state and county fairs; automobile and horse races; parades, amusement parks; concessions of all kinds; block parties; dances; church and fraternal fairs and entertainments; athletic meets; football games; tennis tournaments; prize fights; live stock sales; horse fairs; special merchandise, or holiday sales; celebrations of all kinds, and any event whose success would be injured by rainfall.

Registered Mail Insurance. Under special form of policy insurance is granted against loss of bonds, coupons, bank notes, legal tender, certificates of stock, and similar securities, including currency and postage stamps, sent by registered mail within certain prescribed areas. Such policies usually cover against loss, however caused, whether from fire, lightning, tornado, theft, wreck, or any other cause, from the time of deposit and registration in the Post Office to arrival at the place of address. There are special conditions which differ somewhat in the policies issued by the various companies. Usually not more than market value, or a slight percentage in excess thereof, is recoverable.

Salesmen's Samples Floater Insurance. The samples carried by travelling salesmen often run into large values and are subject to loss by fire, lightning, collision, derailment, theft and other causes and this has led to the development of a special form of insurance for this class. It is sold

to manufacturers, wholesalers, jobbers and selling agents to cover all samples in the hands of all their salesmen against such losses from the time they leave the premises of the insured until their return, subject to such conditions as may be made a part of the policy contract.

Fires are frequent in hotels, baggage cars and railroad depots and accidents often happen in transportation by railroad or truck. Hotel keepers and truckmen are not always financially responsible and their liability is somewhat problematical, while that of common carriers is limited by law to \$100, unless at the time of shipment a higher value is declared and excess charges paid, so that with all these factors taken into account the insurance offered is much better and more certain protection at much less cost.

Usually no coinsurance clause is required on policy, but the amount of insurance applying on samples in the hands of any one salesman is limited and as a rule companies require that the total insurance carried shall be approximately 90% of the estimated value of goods in the hands of all salesmen at any one time.

Sprinkler Leakage Insurance. This form of insurance has arisen because of the possibility of loss by water leaking from an automatic sprinkler system. A special form of policy is used, which covers against all direct loss or damage by sprinkler leakage, but not damage from leakage caused directly or indirectly by fire, lightning, cyclone, tornado, windstorm, earthquake, explosion or blasting; for these are held to be covered properly under fire, tornado, explosion or casualty policies; neither does it cover against loss caused directly or indirectly by the fall or collapse of any building or any part thereof, unless such fall or collapse is caused by the accidental leakage of water from the automatic sprinkler system or the tanks supplying it; as, for instance, the bursting of a pipe that results in the washing out of foundations, thereby damaging the building and possibly causing it to fall. The policy does not cover loss due to stoppage or interruption of business, nor damage caused by the material parts of a tank in falling, unless such liability is specifically assumed.

Sprinkler leakage is defined as leakage, discharge or precipitation of water from the automatic sprinkler system, or tanks supplying it, and may be caused by freezing, or by mechanical injury, or by defective joint or sprinkler head, or from leaky pipe or tank, or by the breaking of a pipe, or by the opening of a sprinkler head without apparent cause.

As a rule, sprinkler leakage insurance is made binding only upon specific authorization by the company or its field men; policies are usually issued by the company and may be made to cover building and/or contents, and are also written to cover against loss of use and occupancy due to sprinkler leakage.

Tornado or Windstorm Insurance. Special forms of policies are issued to insure against direct loss or damage to building or contents by tornado or windstorm; if the roof is blown off, or walls, doors or windows blown in, damage by water, rain or snow entering through such openings is also covered.

The same forms that are used on fire policies may generally be used on the regular tornado policies for describing the property covered, subject to such restrictive or qualifying clauses and conditions as are locally prescribed.

The 50% Coinsurance Clause is in general use on tornado forms except in states where coinsurance is prohibited.

The Lightning Clause should not be attached to a tornado policy, and the permits usually granted when issuing a fire policy are unnecessary on a tornado policy, since its printed conditions are not the same as those of the fire insurance policy.

Millions of dollars' worth of property is destroyed each year by tornadoes or windstorms. Neither city nor country is secure from their devastating power; they constitute the one potentiality for property loss that man is powerless to prevent or mitigate.

Tourist Baggage Insurance. This form of insurance is intended to cover personal effects outside the permanent residence of insured against loss due to the hazards of fire, theft, lightning, transportation and navigation. It not only insures the traveller while away from home, but also covers articles usually kept at golf, country, sporting and other clubs, and clothing at laundries, cleaning and tailor shops, and effects taken on automobile trips, week-end parties and other outings. Because of the broad and liberal cover and the many possibilities of loss from which it protects the insured, an increasing amount of this class of insurance is being carried all the year round, rather than merely when one is taking a trip. The following two forms of policies are in general use:

T. A. Limited Cover:—This insures baggage and personal

effects of the insured, or any member of his family, or accompanying servants, wherever the property may be against any and all risks and perils of fire, theft, lightning, navigation and transportation while in transit by or in the custody of any railroad, express, transfer or transportation company, or steamship, or watercraft; against loss or damage by fire and lightning while in any building except in the permanent residence of the insured, or in storage, or theatre, or other places of public amusement, or if specifically insured. Property is also covered against loss by fire while accompanying the insured on any automobile or motorcycle, or against loss caused by stranding, sinking, burning or collision of a yacht on which the insured is a guest. The loss by theft is limited to entire trunks, valises or other receptacles of travel, from rooms occupied by insured or when checked in any hotel, boarding house or railroad terminal. It does not cover pilferage, or larceny, or theft of jewelry nor of hand baggage while in the custody of the insured. The present rate (1922) is around 1% per \$100.

T. B. Broad or Pilferage Cover. This form is a very much broader cover and includes theft, pilferage and larceny, except of automobile accessories, also jewelry subject to agreed limitations. Because of the broader undertaking it covers only in the United States, Canada and Great Britain, but may be extended by endorsement to cover other countries or world wide. The present rate (1922) up to \$2,500 is around $2\frac{1}{2}\%$ per \$100 and a less rate for additional insurance beyond \$2,500.

Comparatively few people know of this convenient form of floating insurance, or that it will cover not only the head of the family but also all other members and their servants while accompanying them. All people who travel, or have automobiles, or belong to clubs, or act as delegates, are prospective purchasers.

Transportation Insurance. The demand for transportation insurance is increasing for a variety of reasons, being stimulated particularly by the adoption of the motor truck as an auxiliary means of transporting goods.

The liability of common carriers is limited, whether railroad, express companies or trucking concerns, and frequently there is no liability unless carelessness or negligence can be shown. In the case of trucking companies frequently there is little or no financial responsibility and the shipper often

finds it impossible for this reason to collect any amount due him for a loss. Experience has shown that settlement from railroad and express companies may be secured only after very considerable delays. All of these conditions are factors in creating a demand for this special form of insurance furnished by stock fire insurance companies.

Transportation insurance is divided into two general groups, the "trip transit" policy and the "transportation floater" policy, either of which is available whether shipments are made by rail or by truck.

The trip transit form of policy is intended to cover a single shipment of goods, while in transit from one point to another by rail or truck, against the hazards of fire, lightning, stranding, sinking, collision, derailment and upset, but not against loss by breakage, scratching, marring, or other similar damage, unless caused by fire, collision, derailment or upset. The rates for this class of insurance are based on the distance the shipment is going; also, if made by rail, on the form of bill of lading used and, if made by truck, on its capacity and the nature of the goods shipped. For short distances the rates begin at 5c. per \$100 for shipment by rail and 10c. per \$100 for shipment by truck. The 100% Coinsurance Clause is attached to policy.

Under the transportation floater form of policy the goods are insured while in the hands of common carriers, including licensed public truckmen, or the policy may cover goods while on owners' trucks. The hazards insured against are fire, lightning, cyclone, tornado, flood (meaning rising waters), collision, upset, derailment and all risks and perils of transportation (except as provided), during the time the property insured is in transit by or in custody of railroad, express, or licensed public truckman, while on land, and against marine perils while on ferries and/or cars, on transfer in connection therewith; also while the property insured is on docks or in depots and/or platforms in custody of railroad, express or licensed public truckman, incidental to transportation. The coming together of railroad cars during coupling is not considered a collision nor is the insurance liable for loss by breakage, scratching, marring, or other similar damage, unless caused by fire, collision, derailment or upset.

Rates depend on the nature of the merchandise, form of bill of lading used, method of shipment, territory covered, and if by truck, its tonnage. They range from 2½% to 3%

on classes of goods not easily susceptible to loss by collision or upset and as high as 5% for those more damageable.

Various forms of policies are issued. Sometimes policies are written for an amount representing the estimated total value of the insured's annual shipments, then at the end of the policy year the insured furnishes a verified statement showing the actual total value of all shipments; if this is greater than the amount for which the policy is written, an additional premium is paid, if less, a rebate is allowed. In other cases an open policy is issued under which individual shipments are declared and paid for on an agreed basis.

The chief customers for this form of insurance are manufacturers, wholesalers and jobbers; also truckmen and warehousemen, who usually take out policies covering their legal liability as common carriers under a form of policy reading: "On lawful goods and/or merchandise owned by the insured or for which he may be legally liable as carrier, consisting principally of..... while loaded for shipment on or in transit in or on the following described motor trucks and/or trailers owned and operated by the insured."

Water Damage Insurance.—This is one of the modern kinds of indemnity and insures against loss or damage caused by leakage of water to ceilings, walls, floors, and decorations of buildings, stocks of goods in stores and warehouses, delicate machinery, furnishings, etc.

A special form of policy is issued which in terms covers loss or damage caused by accidental discharge, leakage or precipitation of water or steam from such one or all of the following sources as may be specified:

Plumbing system.

Plumbing tanks (for the storage of water for the supply of the plumbing system).

Steam or hot water heating pipes and radiators.

Elevator tanks and cylinders.

Standpipes for fire hose.

Roofs, leaders and spouting.

Rain or snow driven or admitted through broken or open windows and skylights.

The cost of repairing or replacing broken piping or apparatus causing the loss is not covered, neither is discharge from automatic sprinkler system, but the latter may be

insured separately under a Sprinkler Leakage Policy. Policies are customarily issued with not less than a 10% Coinsurance Clause, there being marked credits in rate as insurance to value increases.

The causes of water damage losses are numerous and practically unpreventable. Among them are: Faucets left open by children, servants or careless employees; leakage, overflow, bursting or fall of plumbing supply tanks; defective joints or leaky radiators in steam and hot water systems due to rust or freezing; standpipe connections broken or accidentally opened. Rain, snow or frost from windows or skylights left open either carelessly or at night for air may cause great damage. Water damage from leaky roof or through spouts, leaders or gutters is especially important in mercantile and warehouse buildings where roof drains are located inside the building.

Tenants are exposed to damage by the carelessness of others in the same building; there is a growing demand for tenant's legal liability policies in cases where under the lease a loss due to carelessness is collectible from the tenant causing it rather than from the landlord.

The field for the sale of this kind of indemnity is almost unlimited and is largely undeveloped.

PART TWO

CHAPTER XVI

FORMS, PRIVILEGES AND CLAUSES (SIXTEEN DIVISIONS)

INTRODUCTORY NOTE

(1922 Edition)

The forms given herein, some chosen from the many thousands in use, and others especially written for this publication, are intended to illustrate those which may be employed for insuring all the usual classes of property, and it is believed that none, appropriately used, will prove unacceptable to general writing companies where permitted by local rules. The currently used forms for most sections of the United States will be found in each division.

In those territories where certain prescribed forms and clauses are the only ones which are permitted, some of these forms may not be used, but one of the objects of printing so many different kinds is to inform the reader as to the phraseology used in the different sections of the country, for such helpful suggestions as their perusal will give. Care should be exercised in not attempting to use a form that local rules will not permit.

The simplest forms are the ones recommended; many might have less verbiage yet furnish equal or broader cover, but would probably not meet the general desire, for the majority prefer more or less extended descriptions, even though realizing that this tends to narrow the cover. It may be said, however, that the simpler forms are gaining in popular favor, both with agents and brokers and the general public.

It will be noted that the clauses and conditions given are mostly permissive in character rather than restrictive; the latter differ widely in the various jurisdictions, and no attempt has been made to include them for fear that would be confusing rather than helpful; besides, the restrictive clauses will be required, whether or no, while the use of permissive clauses rests in large measure with the agent or broker.

THE AUTHOR.

PUBLISHER'S NOTE

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THE SPECTATOR COMPANY.

DIVISION I

WRITING FORMS

GENERAL REMARKS—TITLE AND INTEREST—SEPARATION OF BUILDING AND CONTENTS—BUILDING—MACHINERY—FURNITURE AND FIXTURES—STOCK—BLANKET POLICIES—NON-CONCURRENCY—VALUED POLICIES.

The ideal fire insurance form should be clear, concise and complete, leaving nothing to the imagination and containing no language capable of more than one interpretation. In general the simpler the form, the broader the cover; enumeration and wealth of detail in any description of property tends to restrict rather than widen the application of the policy.

Ideal Forms

It has been so much the habit to give extended details of property, that the very simple forms with no unnecessary verbiage are not those most in use, and this may be due in part to the thought that a long form full of descriptive language will seem more impressive to the insured, and carry to him the idea that he is more securely and more liberally covered than by a form so short and simple as to seem elementary.

Details

In the forms included herein it is sought to give illustration of both the simple and extended phraseology so that both may be available if desired. The language employed may in certain cases run counter to the rules of various associations having jurisdiction over such matters, for the business has not yet reached a condition of uniformity; this will certainly prove true as to clauses, and care must be exercised to substitute the particular clause in use in any given territory for the similar clause which may be quoted.

Local Rules

There are a few general rules for policy writing and form drawing that need to be borne in mind, and these may be briefly rehearsed. (Please read Introductory Note.)

The Title and Interest. It is a general rule that either the title or the form of the policy must disclose the interest of the insured, or must in some way put the company on notice if

the interest be other than sole and unconditional ownership. If the title reads, "John Doe, as interest may appear," that is sufficient to cover his interest as owner, mortgagee, lienor, contractor, etc.; or if the title reads, John Doe, "On his interest in, etc.," that is sufficient to cover any interest: But if the title reads John Doe and the form reads "On building, etc.," with no explanatory language or clause, then the insurance will not be valid unless John Doe is the sole and unconditional owner.

Separation of Building and Contents. It is the general rule that a building must be insured in a separate item from contents, or come under the rule governing blanket policies. The various rating organizations all agree on this general rule, though their requirements differ regarding any further separation, and vary with the different classes of risks.

It is the general custom to insure a dwelling in one item and all contents thereof in another; the same is true of private barns and contents, except that some organizations require a separate item or items on live stock, and in the case of farm property a still further separation.

**Residence
Property**

Mercantile Insurance on mercantile property is usually separated into three items: One on building and permanent fixtures, another on store furniture and fixtures, and another on stock.

Insurance on manufacturing risks usually covers separately: The building and fixtures pertaining to its service; the machinery and appurtenances; the stock and materials for manufacturing. Sometimes a separate item covers boilers and engines, and another item on patterns, though the latter are usually included with the machinery and a limit clause is attached reading as follows or similarly: "Not more than 10% (or 15%) of this item shall cover on patterns."

**Manu-
facturing**

The rules of rating associations governing the separation of subjects of insurance into specific items are so varied that any further illustration might lead to confusion; the rules applying in any given territory should be referred to when preparing forms to cover property located therein.

**Local
Rules**

Building. Under the building item it is customary to include with the structure what are termed permanent fixtures.

Except where otherwise provided by underwriting rules, these fixtures include the boilers, engines, elevators and apparatus for heating, lighting and ventilating; water pipes and other fixtures pertaining to the service of the building for the purpose for which it is intended, for these are considered as part and parcel of a complete building.

Machinery. Under this item it is customary to cover all the machinery, together with tools, apparatus and supplies for use in connection therewith, except such as are covered under the building item. The machinery item is usually so worded as to include office furniture and fixtures. Care should be taken not to enumerate those things that are covered with the building, for confusion ensues when a loss occurs and it is found that two or more items of the form cover on identical property.

Furniture and Fixtures. In a mercantile or non-manufacturing risk it is customary to cover under this item all the furniture and fixtures, tools and apparatus not covered under the building item.

Stock. Under this item all stock is covered, including boxes, cartons, labels and supplies for use in connection therewith. As a rule, household furniture or wearing apparel in use may not be included in an item on stock.

Note:—It is desirable to cover in the building item whatever machinery or fixtures may be included under local underwriting rules, for the building usually bears a lower rate than contents.

Blanket Policies. A policy is termed "blanket," or to have a "blanket form," when it covers under one item property that is usually covered under two or more separate items: For example, dwelling and household furniture; building, machinery and stock, or furniture and fixtures with stock; also, when property in two or more locations, that are considered to be separate fire risks, is covered under one item.

Blanket policies are usually required to have as a part of the contract, the 90% or 100% Coinsurance Clause, or the 80% Coinsurance Clause coupled with the Distribution Clause, or perhaps the Distribution Clause alone.

Usually only manufacturing or large mercantile establishments are insured under blanket policies.

Non-Concurrence. One of the most important things in writing and placing insurance is to make certain that all policies covering identical property in whole or in part shall be concurrent. This does not mean that the forms must necessarily be identical, word for word, but it does mean that in effect and application their terms and conditions must be the same so far as they affect liability for loss or the apportionment of loss. The most frequent form of non-concurrence is where some policies cover specifically and other policies cover blanket over two or more separate properties. To illustrate:

If policy 1 covers \$4,000 on building A,
 policy 2 covers 5,000 on building B, and
 policy 3 covers 3,000 on both A and B,

such insurance is non-concurrent and would be still further complicated if the coinsurance clause were attached to the policies. Other familiar forms of non-concurrence are:—Where some policies bear the coinsurance clause and others do not, or where they are in different percentages; where some cover in building and others in building and yard adjacent; where some cover building and additions while others cover building only. One famous case is where two buildings were separately insured in different companies and each form read, “building and additions or extensions adjoining or communicating.” They were situated on two different streets and came nearly together in the rear in the form of a right angle. In this angle there was a structure which adjoined both buildings and communicated with each and this contained an elevator that served both in common. This elevator structure was erected jointly by the owners of both buildings on land belonging part to one and part to the other. The fire destroyed this structure and damaged each adjoining building. The question arose which set of policies should pay the loss to the elevator structure and if both should pay then in what proportion.

There are certain forms of non-concurrence that are not substantial, for example, one policy on stock may describe it in great detail, another may read simply, “on stock of merchandise,” but both would presumably pay any loss that either would pay. A privilege may be worded in many different ways under different policies but so long as the things granted are the same the non-concurrence of phrase-

**Less
Important
Kinds**

ology is not substantial. These, however, are excuses rather than reasons for not having all policies read exactly alike, word for word, which is much the better and safer way.

The importance of concurrent insurance can hardly be overstated, and in examining policy forms the test to be applied is this:—Do these policies attach in such manner that any loss which happens will be covered without question arising as to which policies or items will pay same or in what proportion?

Valued Policies. In some states there is a statute in force, commonly called the valued policy law, under which the amount of insurance covering a building and in force at the time of fire is considered to be the value of such building, regardless of what its real value may be; and if the building is so far destroyed by fire that it cannot be repaired, then the insurance must be paid in full, regardless of whether such insurance is in excess of the real loss or not. In one or two states this law is also extended to include certain classes of personal property.

Some authorities hold that a valued policy merely fixes the value of the property covered as at the inception of the policy, and that if it has depreciated in value the insurance cannot be held liable for more than the stated value less depreciation. An illustration of this view is made as follows: Assume that a valued policy for \$5,000 has been placed on a building, and that subsequently a tornado carries off the roof which will cost \$1,000 to replace. Some time later, no repairs having been made, the remainder of the building is destroyed by fire. In such case it is not believed that the courts would require payment of the face of the policy if it were conceded that the original value of the building was not more than \$5,000. This being true, it is argued, would not the insurance be entitled to any depreciation in value that could be shown to have taken place subsequent to the issuance of the policy.

For this reason it is held by these authorities that the insured should not rely, under any and all circumstances, on a recovery of the face of a valued policy.

The valued policy law is generally held by thoughtful and observant minds to be pernicious, subversive of economic law and the principle of indemnity upon which fire insurance is based; to be wrong in theory, **Pernicious;** harmful in practice and a direct incentive to fraud. Where such a law exists, especial care **Uneconomic** needs to be exercised in fixing the amount of insurance to be carried. The rules to be observed in issuing policies covering buildings, or other property if affected, differ in the various states where such a law is in force, but there is one rule that is universal, namely, not to write nor permit more insurance than the actual cash market value of the property covered. Sometimes, in writing policies on buildings, the total insurance permitted is limited in the policy under the following or similar wording:

“The insurable value of the building described herein is fixed at \$....., and total concurrent insurance thereon, including this policy, is hereby permitted to that amount only.”

While the valued policy law is a vicious one as applied indiscriminately to buildings, the value of which may be determined with fair accuracy and does not vary greatly from time to time, it is doubly so when **Applied to** applied generally to personal property, where **Personalty** values are constantly changing and cannot in the nature of things be kept track of. Nevertheless, there are certain classes of personal property whose values fluctuate little, if any, which it is quite customary to insure under a valued form of policy, for the reason, that, because of their peculiar character, it has been found to work out more satisfactorily in practice to agree on the value beforehand, rather than to leave this for determination after loss has occurred and the property covered has been destroyed. Within these classes are embraced pictures, paintings, etchings, statuary and other works of art; curios, antiques, rare stamps, negatives, specimens and documents, and in some cases violins, cellos and other musical instruments; valuable horses, cattle or other live stock; collections, or other property of unusual value. As a rule, valued policies on personal property are not written until submitted to and approved by the company; many companies decline them altogether.

The forms in use for insuring personal property with the value fixed may be illustrated in a general way by the following two forms:

VALUED FORM NO. 1.

\$....On paintings, including frames and/or shadow boxes, as per schedule following herewith, while contained in the two and one-half story frame slate roof dwelling, situate No. 100 Elysian Field, Tarrytown, New York.

It is understood and agreed that the amount stated opposite the name of each picture shall, for the purposes of this insurance, be considered the value thereof.

\$....Portrait of Mrs. John Doe by Sir Joshua Reynolds.

\$....Arabian War Scene, by Fortuny.

\$....On oil painting; "Vanity"; young girl in rose colored empire gown standing before a mirror; by Walter McEwen.

VALUED FORM NO. 2.

On the following described property while contained in the three-story frame shingle roof dwelling, situate.....

\$....On antique Chinese screen of 7 folds, portraying an elopement and attributed to the Eighteenth Century period, valued at \$.....

\$....On United States Silver Dollar coined in the year 1814, valued at \$.....

\$....On a six-foot mahogany side board, Chippendale pattern, valued at \$.....

It should be borne in mind that the phrase, "Valued at \$.....," or other similar language, definitely establishes the value of the property so described, and all that is incumbent on the insured to sustain a claim in respect of value is to prove that property destroyed by fire is actually the identical property described and valued in the policy.

Where a limit of value is to be fixed the phrase, "Valued at \$....." should not be used, but instead "not exceeding \$..... to apply on any one.....," or in some cases "value limited to not exceeding \$....." may be used.

DIVISION II

SPECIAL AGREEMENTS

GENERAL REMARKS—GENERAL PRIVILEGES AND CONDITIONS — OTHER INSURANCE — LIGHTNING CLAUSE—DYNAMO CLAUSE—KEROSENE OIL STOVES—HEIRS AND ASSIGNS—WORK AND MATERIALS—NOON—FOUNDATIONS—LEASED LAND—DIVISIBLE CONTRACT—BONDS AND MORTGAGES—FORECLOSURE—ACT OR NEGLECT—CONTRACT OF SALE—COMMISSION (IN TRUST) CLAUSES — GUESTS AND SERVANTS CLAUSE — EXCLUSION CLAUSES—MISCELLANEOUS CLAUSES.

In addition to drawing a form that shows the interest correctly, that properly describes and locates the property intended to be covered, and that is free from non-concurrence, care should be exercised that permission be given for any violation of the policy conditions of which the agent has knowledge at the time of issuing the policy, in so far as they are present in his mind.

It is not customarily held to be the duty of the agent to interrogate the insured regarding all possible violations of the policy conditions one by one, but ordinary **Interrogation** care in drawing the contract will lead him to **Not Required** include therein the permits that are customarily granted when insuring all classes of property, and, also, the special permits usually applicable to given classes of risks. For example, practically all risks are lighted artificially, therefore, proper permit should be given when lighting is by some system that requires permission, such as by electricity, or by gasoline, acetylene or Blau Gas systems. Again, printers commonly clean type with benzine or gasoline, therefore, proper permit should be attached covering that feature when insuring printers.

The wise and prudent agent will always ask the insured to read over the policy, including both the written and the **Insured's** printed portions, in order that the policy when **Obligation** issued may contain all the provisions necessary to make it a valid contract according to conditions as they exist at its inception.

GENERAL PRIVILEGES AND CONDITIONS

There are certain general privileges granted or conditions incorporated in insurance policies that are applicable under certain circumstances when covering any and all classes of property. Some of these are as follows, though the wording of such clauses may differ in the different parts of the country:

(1) **"Other Insurance Permitted Without Notice Until Required."** This is commonly used on all forms (except where it is not intended to permit it), and is essential to the safety of the contract, since otherwise the existence of other insurance would void the policy. Sometimes this permit is made to read, "Privilege granted for other insurance," "Other concurrent insurance permitted," or "Other concurrent insurance permitted to the extent of \$. only."

(2) **Lightning Clause.** The lightning clause is usually attached to all policies of fire insurance. The New York Standard clause reads as follows:

"This policy shall cover any direct loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term Lightning, and in no case to include loss or damage by cyclone, tornado or wind-storm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy; provided, however, if there shall be any other insurance on said property this Company shall be liable only pro rata with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by Lightning or not."

(3) **Dynamo Clause.** When electrical machinery and supplies are insured, the dynamo clause is usually required, one form of which reads as follows:

"If dynamos, exciters, lamps, motors, switches, or other electrical appliances or devices are covered under this policy, this company shall not be liable for any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then for the loss by fire only."

(4) **"Privilege Granted for Kerosene Oil Stoves for Heating and Cooking."** The policy permits the use of kerosene oil for light but makes no mention of stoves, hence, this privilege is advisable on all policies where stoves are likely to be used.

(5) "In the event of the death of the insured this policy shall continue in force for the benefit of the heirs, administrators or assigns as interest may appear."

"The use of this provision probably arose prior to the use of the present standard policies because under the old forms there was some doubt whether the policy covered the insured's property passing to others upon his death. The present policy provisions render this language unnecessary."

(6) **Work and Materials Clause.** This clause is worded in a number of ways, the following being an example:

"Permission granted to do such work and to keep and use such materials as are usual in the business of (specifying the business)."

Sometimes the following is added to the clause:

"but the use, handling or storage of benzine, benzole, gasoline, naphtha, calcium carbide, fire-works, nitroglycerine, dynamite, ether, collodion, lacquer (or "banana liquid") and rubber cement is prohibited unless specific permission is indorsed hereon, otherwise this policy to be null and void."

The printed conditions of the policy provide that it shall become void if certain specified articles are kept, used or allowed on the premises, or if the hazard be increased within the control or knowledge of the insured. The clause first quoted is intended to permit the use of any articles or the doing of any work, if "usual" in the specified business, whether that involves increase of hazard or the use of the interdicted articles. The added language qualifies this only by forbidding the use, handling or storage of the articles enumerated therein.

(7) "Where the Word 'Noon' is used Same Shall Be Construed to Mean Standard Time at the Location of Property Involved." The Policy specifies that liability shall begin and end 'at noon,' and this clause is designed to avoid confusion with 'Sun' time in use in many localities.

(8) "Foundations of Buildings Below the Level of the Ground and Cost of Excavations are not Covered Hereunder." There is no occasion for this clause except where coinsurance is a part of the policy contract. Usually little, if any, damage

to such portions of a building result from fire and by excluding them less insurance is necessary.

(9) **"It is Understood and Agreed that this Policy Shall Not Be Invalidated If Building Stands on Leased Land."** The policy provides that if the building stands "on ground not owned by the insured in fee simple" the policy is void. Hence, the necessity for this privilege where land is leased. Ground rents are quite customary in some cities—practically the entire City of Salamanca, New York, stands on land leased from the Indians—and such leases are frequent along the right-of-way of a railroad, or near piers and wharves. Care should be exercised in each case where building is insured to learn whether the land on which it stands is owned or leased.

(10) **"It Is Understood and Agreed That This Policy Shall Be Considered a Divisible and Severable Contract, As If Separate Policies Were Issued on Each Building and/or Its Contents."** The policy by its terms provides that a breach of condition voids the entire policy, not merely the one item which may be affected. Thus, vacancy beyond ten days of one building out of twenty insured would render void the entire policy. This does not seem just nor the true intent of the contract and several states have held that the policy is a divisible contract in spite of its terms, but it is much safer to insert the condition quoted in the form and save all trouble, particularly in schedule forms covering separate and distinct risks.

(11) **"It Is Understood and Agreed That the Existence of Bonds and/or Mortgages Covering in Whole or in Part the Property Described Herein Shall not Invalidate this Insurance."** Large corporations frequently execute a mortgage covering their entire property, both real and personal, as security for a bond issue, and since such mortgage would be in part a chattel mortgage, this clause is desirable on all policies issued to corporations. Sometimes such policies are made payable to trustees for bondholders and in such case there is usually no objection to the attachment of a mortgagee clause.

(12) **"Consent Is Hereby Given for Foreclosure Proceedings to Be Commenced on the Within Described Property or Notice Given of Sale Thereof by Virtue of Mortgage or Trust Deed."** This condition is usually permitted in the form only when covering property in the larger cities and should

not be used when insuring outlying or country property, except by endorsement in case of necessity.

(13) "This Insurance Shall Not Be Invalidated by the Act or Neglect of Any Other Occupant of the Within Described Premises, Providing Such Act or Neglect Is Not Within the Knowledge or Control of This Insured." The reason for attaching this condition is because some authorities hold that the breach of condition of the policy by any tenant of a building affects all the insurance attaching on or in the building.

(14) "The Execution of Contracts of Sale Shall Not Prejudice This Insurance." The use of this clause is generally held to protect the insured's (vendor's) interest in realty under contract of sale, even though the vendee is let into possession; but it does not extend the insurance to cover the vendee's interest.

Another form is sometimes used, which is self-explanatory:

"Contracts of sale may be entered into without prejudice to this insurance, which shall continue for the benefit of vendor and vendee, as interest may appear, until the delivery of deed, but this insurance shall not attach if other insurance (except renewals of existing policies) has been procured subsequent to execution of contract of sale." (See also Contracts of Sale.)

(15) COMMISSION (IN TRUST) CLAUSES

Such clauses read variously, a common form being as follows:

His own or held by him in trust, or on commission or consignment, or on storage or for repairs, or sold but not removed, or for which he may be liable.

This clause is principally used on forms insuring stock, although it is also used somewhat on machinery forms. When introduced it was evidently intended to cover the insured's interest in—and legal liability for—property belonging in whole or in part to others, but it has been given a very much broader meaning by the courts. Regardless of whether the merchant, the manufacturer, or the warehouseman has assumed responsibility or is legally liable for property of others that is on his premises, or has agreed to cover it with insurance, the courts have held that the language quoted, if on his policies of insurance, gives each owner of such property the

**Where
Used**

**Danger
of Use**

right after a fire to ratify the insurance so placed and make claim thereunder for loss or damage to his goods. It does not matter that the insured did not contemplate this, nor provide sufficient insurance to cover the value of all the property in his keeping in addition to his own, nor that his own loss alone is more than the amount of his insurance, nevertheless it has been held that he must share his insurance with the owners of such property pro rata.

It will be seen, therefore, that this clause, while intended to be beneficent in character, may work to the serious disadvantage of the insured, and if it is contained in his policy form he must be prepared, in order to be safe, to carry insurance sufficient in amount to cover adequately the value of all the property in his premises.

There are many cases where the insured has an interest in property in which others also have an interest; for instance, where materials have been sent for manufacture and he has expended labor and findings thereon. Goods are often held on commission or otherwise on consignment which the custodian has agreed to keep insured, and there are other cases where it is necessary or desirable to assume liability for property of others. Hence, it becomes necessary to provide insurance which will give the proper protection without being open to the objections set forth in the foregoing. There are two ways in which this may be accomplished:

First, by taking out separate insurance, either by a separate policy or under a separate item, specifically covering property for which the insured is legally liable and excluding his own property therefrom.

Second, by substituting for the customary commission clause one reading as follows:

“the property of the insured; and on the interest of the insured in and/or liability for similar property held by the insured, whether on storage, or for repairs, or otherwise, and belonging in whole or in part to others.”

Another form of clause, in use in the West, reads:

“the property of the insured; and, providing the insured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered.”

Whenever any commission clause is used it is recommended that a clause be inserted in the form excluding property on which there is specific insurance. (See Exclusion Clauses.)

(16) GUESTS AND SERVANTS CLAUSE

Such clauses read in various ways, the common form being “belonging to the insured or any member of the family, guests or servants.” An extreme form of the clause reads, “The property of the insured or any member of the family or household, their relatives, friends, guests, and/or servants.” Such clauses are used on household furniture forms evidently with the thought that the broader cover is a better contract for the insured. It is, however, open to the same

objections that obtain in the case of commission clauses, namely, that it gives to guests and others the right to a portion of the household's insurance in case property belonging to them while in his house is damaged by fire.

If the policy is made to cover the property of the insured and members of his household, it would undoubtedly cover that owned by himself, wife, children and relatives living with him. It can hardly be disputed that it would also cover the property of servants, for they are in fact members of the household or family, so recognized alike in law and custom.

If the insured wishes to assume liability for the property of guests and others, this may be safely done by taking out a separate policy, or having a separate item,

specifically covering the property of guests separately from his own. It is seldom that the host wishes to do this and it is therefore suggested that the safe clause to put on a household furniture policy is one reading as follows:

“The property of the insured or any member of his own family and on the legal liability of the insured for loss or damage to similar property of others.”

Then, if the host assumes the liability of protecting his guests against loss by fire, this clause will cover their property.

As a mean between the two extremes the following clause has been adopted for use in the West.

“Not exceeding ten (10) per cent. of the amount of any item of this policy on personal property shall cover also, as per above form, property of guests, and servants, loss, if any, to be adjusted with and payable to the insured named in this policy.”

(17) EXCLUSION CLAUSES

(Property specifically insured.)

There are many forms of general clauses in use for excluding property that is more specifically insured, the following being examples:

“This policy does not cover property specifically insured.”

“This policy shall not be held to cover personal property of others that is specifically insured.”

“This policy does not cover on any of the above mentioned property that is the subject of more specific insurance.”

“Any particular machine or any other article or property above described, on which there is specific insurance, shall not be covered by this policy.”

“This policy does not cover the assured's interest in personal property in which parties other than the assured also have an insurable interest when the assured's interest in said property is otherwise specifically insured.”

“The following, if the subject of more specific insurance, shall not be covered hereunder:

Personal property belonging exclusively to parties other than the insured specifically named herein;

The insured's interest in and/or legal liability for personal property in which others also have an insurable interest.”

“This policy shall not cover personal property belonging to others, nor the interest of the insured in and/or liability for personal property belonging in whole or in part to others, or held on storage or for repairs, when such property, interest, and/or liability is the subject of more specific insurance.”

Note.—The two last clauses should not be used unless the commission clause is a part of the contract.

To any of the foregoing or other exclusion clauses which may be used, the following provision is sometimes added:

“except for the excess of value over such specific insurance.”

The object in attaching a clause excluding property specifically insured is chiefly to prevent the general insurance from contributing with such specific insurance in the

Object payment of a loss, for this is apt to work to the disadvantage of the holder of the general insurance, and all the evils, pitfalls and vexations of non-concurrence may flow therefrom.

Some of the rating organizations prescribe the exact form of general exclusion clause which shall be used.

MISCELLANEOUS CLAUSES

(18) “It is understood and agreed that when the insured is the owner of the building, and any of the above property is enumerated under building policies, that this item does not cover such property.”

NOTE: Used on policies covering machinery or fixtures.

(19) “The enumeration herein is intended to be descriptive not restrictive.”

NOTE: Used on any kind of form, but of little effect.

(20) “If any policy of fire insurance covering property described herein is subject to coinsurance or average conditions, this policy shall be subject to the same conditions.”

NOTE: This conditional coinsurance clause was formerly quite often used, but seldom now, and it is doubtful if such a provision could be enforced.

(21) “It is understood that pictures or other property on which there is specific insurance are not covered by this item.”

NOTE: Used on household furniture policies.

(22) “It is understood that property purchased on the installment plan is included in this policy, and for the purpose of this insurance the insured is considered the sole and unconditional owner of such property.”

(23) "Property purchased under any installment or credit plan is covered under this item to the extent only of the insured's interest therein."

NOTE: These two clauses are used mostly on household furniture policies.

(24) "It is understood that such of the above described property as may be the subject of more specific insurance is not covered hereunder."

NOTE: Used on stock and/or machinery forms, but not always permitted.

(25) "It is understood and agreed that loss, if any, on goods contracted for and awaiting shipment shall be adjusted on the basis of the contract price."

NOTE: Used on merchandise forms, but not always permitted.

(26) "For the purpose of adjustment of loss, if any, under this policy, it is understood and agreed that stock and/or supplies purchased from another department of insured's industries, and insured under this policy, shall be considered the same as though purchased elsewhere."

NOTE: Used on stock policies under conditions as indicated.

INVENTORY AND IRON SAFE CLAUSE

(Requirement to Keep Books and Inventory)

It is made a condition of this insurance: (1) That the assured under this policy shall take an inventory of the stock and other personal property hereby insured at least once every twelve months during the term of this policy, and unless such inventory has been taken within one year prior to the date of this policy, one shall be taken in detail within thirty (30) days thereafter; (2) That the assured shall keep a set of books showing a complete record of business transacted, including all purchases and sales both for cash and credit; (3) That the assured shall keep such books and inventory securely locked in a fireproof safe at night, and at all times when the store mentioned in the within policy is not actually open for business, or in some secure place not exposed to a fire which would destroy the building where such business is carried on; (4) That in case of loss the assured shall produce such books and last inventory.

NOTE: Used on stock policies in certain territories.

EXPOSURE CLAUSE

It is made a condition of this insurance that no change in exposure shall take place during the term of this policy, by the erection of other buildings, or otherwise, within sixty (60) feet of property insured hereunder without due notice to this company and consent therefor endorsed hereon.

NOTE: Used in some territories on dwelling and mercantile policies.

RUBBISH CLAUSE

In consideration of the rate of premium at which this policy is written, it is a condition of this insurance that the premises described in this policy shall be kept clear of loose hay, dry grass, weeds and rubbish for a distance of at least fifty (50) feet surrounding any building described in this policy; and in the event of failure on the part of the assured to comply with the foregoing condition, this policy shall be null and void.

NOTE: Used in some places on oil tank, hay barn and similar policies.

BITUMINOUS COAL OR SPONTANEOUS COMBUSTION CLAUSE

(Uniformity East)

In consideration of the rate of premium at which this policy is written—no claim will be made on this Company for loss or damage to coal, or for salvaging thereof, resulting from fire or heat caused by fire originating in the coal stored on the premises described in this policy.

Radio Equipments. The installation of radio receiving and signalling apparatus has recently been so extensive that the National Board of Fire Underwriters (New York) has issued rules and regulations therefor which are now available upon request. While there might be exceptions thereto, it is the general opinion among underwriters that the presence of either broadcasting or receiving apparatus properly installed is not an increase of hazard as contemplated in the fire insurance policy and therefore it is not considered necessary that policy be endorsed with privilege for such installation or use.

DIVISION III

RESIDENCE PROPERTY FORMS

Policies on this class of property usually cover, separately, the building and the contents, except that barn contents are often required to have the livestock covered under a separate item, and farm barn contents require a further separation. Policies usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Gasoline or Benzine for Household Use; also Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. (See also Special Agreements.)

Incubators, brooders or hovers, if used, require a special permit applying to the building (or contents) where kept; likewise a special permit is required if an automobile is kept in any building insured. (See also Special Agreements.)

NOTE:—(a) Under various restrictions locally applying, fences, lawn furniture, yard fixtures, shrubbery, outside toilets, other small outbuildings, and similar property, may be covered under the dwelling.

(b) Usually the following clause will be approved in a policy covering household furniture:

“It is understood that carpets, rugs, oil cloths, bedding, linen and wearing apparel are covered while being cleaned, aired or dried out-of-doors on same premises.”

Each item of the forms given herewith may be used on separate policies, or may be brought together in one policy in such combination as may be desired or needed.

· DWELLING, HOUSEHOLD FURNITURE, STABLE AND CONTENTS FORM

1. \$.... On the.....story.....roof.....building, and additions, adjoining and communicating, including foundations, plumbing, steam, gas and water pipes; lighting and heating apparatus and all permanent fixtures; plate and ornamental glass and fresco work; also storm doors and windows, screens, screen doors, awnings, whether in position or stored in said building, or stored in outbuildings on premises described below; while occupied as a dwelling by not more than.....families, situate.....

2. \$....On household furnishings and utensils of every description, useful and ornamental; fuel and family stores; printed books and music, pictures, paintings, engravings and mirrors and their frames (value in case of loss not to exceed cost); wearing apparel, watches and jewelry in use, works of art, traveling equipments, musical and scientific instruments, sporting equipment, bicycles, tools and implements; awnings, window and door screens, gas fixtures, and gas chandeliers, when owned by the insured and not covered under the building insurance, and all other personal property for household use or personal adornment—the property of the insured or any member of the immediate family, and on the legal liability of the insured for loss or damage to similar property of others. It is understood and agreed that pictures, or other property, specifically insured are not covered under this item; musical instruments and household furnishings purchased on the installment plan are covered to the extent only of the insured's interest therein and/or liability therefor. All while contained in or on or attached to the above described building and additions.

3. \$....On the.....story.....roof.....building, and additions adjoining and communicating, and all permanent fixtures therein, thereon and belonging thereto, while occupied as a private barn or tool house, and situated on the above described premises.

4. \$....On horses, in case of loss no one horse to be valued at over \$....., and on vehicles (excluding automobiles and motor cycles), horse and carriage equipments, hay, grain and feed, barn and garden tools, liveries, and household furniture in use therein, while contained in the above described barn.

5. \$....On

It is understood and agreed that this policy shall not cover on any item except for the amount set opposite thereto.

Loss, if any, on building(s), payable to.....as.....interest may appear; subject to the conditions of this policy.

PRIVILEGES.—Permission is given: For existing communications; for other insurance without notice until required; for mechanics to be employed for ordinary alterations and repairs; to use kerosene oil and natural gas for lighting, heating and cooking, providing kerosene is of the standard 110 degree test or more; to keep on hand not exceeding one quart, per family, of gasoline, benzine or naphtha for household use, but the use thereof for cooking, heating or lighting is prohibited without special permission indorsed on this policy; to be vacant not exceeding.....consecutive months at any one time in any one year, or to be unoccupied not exceeding.....consecutive months in any one year.

STANDARD LIGHTNING CLAUSE.—This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured, nor the interest of the insured in the property, and

subject in all other respects to the terms and conditions of this policy; provided, however, if there shall be any other insurance on said property, this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not. If dynamos, excitors, lamps, motors, switches or other electrical appliances or devices are covered under this policy, this Company shall not be liable for any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then for the loss by fire only.

Attached to and made a part of Policy No.....of the..... Insurance Co., of.....issued at its.....Agency.

Dated....., 191.. ..Agent.

DWELLING AND HOUSEHOLD FURNITURE FORM

(*Uniformity West*)

(For Use on Either Fire or Tornado Policies)

On the following described property, all situated.....

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; awnings (awnings covered under fire policies only), door and window screens, and storm doors and windows; also all permanent fixtures belonging to and constituting a part of said building; occupied, and to be occupied, only for dwelling purposes.

If the building hereby insured is occupied by tenants, this insurance shall also cover under this item, if the property of owner of building and not otherwise insured, floor coverings, mirrors, stoves, refrigerators, cleaning apparatus, hose and other fire extinguishing appliances, fuel, janitor's tools and implements, all constituting a part of the equipment and service of the building and only while contained in, or attached to, the above described building.

This insurance shall also cover under this item, if the property of owner of building, awnings, door and window screens and storm doors and windows, belonging to above described building, while stored in outbuildings on the above described premises.

*2 \$....On household and kitchen furniture and utensils, useful and ornamental (the property of assured and all members of assured's family), including carpets, rugs, draperies, curtains, beds, bedding, linen, family wearing apparel and materials for same; plate and plated ware; printed books and music; piano stool and cover; piano and other musical instruments; mirrors, portraits, pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; watches and jewelry and bicycles in use; baby carriages, amateur photographic outfit and supplies; fishing tackle, firearms, athletic and sporting implements;

mechanics', carpenter and garden tools and implements; typewriters, sewing machines, trunks, traveling equipments, canes and umbrellas; lamps, china, glass and crockery ware; fuel, family stores and supplies; electrical apparatus, appliances and devices; scientific apparatus, appliances, devices and implements; and all other furniture and fixtures not belonging to and constituting a permanent part of the building; all only while contained in, or attached to, above described building; also, if not otherwise insured, porch and lawn furniture, bicycles in use, trunks (excluding contents of same), tools, fuel and supplies, while stored in outbuildings on the above described premises.

This insurance shall also cover under this item, if the property of tenant and not otherwise insured, awnings, door and window screens and storm doors and windows, while contained in, or attached to, above described building (attached awnings covered under fire policies only), or while stored in outbuildings on the above described premises.

This insurance shall also include the interest of the assured in articles, covered under this item, purchased on the installment plan.

*3 \$....On the.....roof.....building, including foundations, occupied as a private garage.

*4 \$....On the.....roof.....building, including foundations, occupied as a private barn.

*5 \$....On horses and cows; in case of loss this Company will not be liable for more than \$....on any one horse, or more than \$....on any one cow, and only for its pro rata proportion thereof in case of other insurance, only while contained in above described barn, and, provided this form is attached to a fire policy, against loss by Lightning while on or off the premises.

*6 \$....On vehicles (excepting automobiles and motorcycles, storage and use of which is prohibited (under fire policies) unless permission is specifically endorsed hereon); robes, horse and carriage equipment, bicycles in use; hay, grain, feed, coal and wood; carpenter, barn and garden tools and implements; all only while contained in above described barn.

*7 \$....On sheds, outbuildings and fences on above described premises.

*8 \$....On.....

*9 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

NOTE (for information only): The above described dwelling is occupied, or to be occupied, by.....families.

Not exceeding ten (10) per cent. of the amount of any item of this policy on personal property shall cover also, as per above form, property of guests, and servants, loss, if any, to be adjusted with and payable to the assured named in this policy.

AUTOMOBILE PERMIT

(Gasoline or Steam Power)

(This permit is void unless number of machines and location of same is given)

Subject to the following conditions, permission is granted, when not in violation of any law, statute or municipal restriction, to keep not more than....(state number)....automobiles using gasoline, in building described under item No.....of this policy.

The conditions of this permit, in so far as they are within control of the assured, are as follows:

1—That no claim shall be made for loss or damage to an automobile, any of its parts or equipment, unless such automobile, its parts or equipment, is specifically mentioned as insured under this policy.

2—That the filling, emptying or opening of any gasoline reservoir of an automobile, while the same is contained in said building, shall be done by daylight or incandescent electric light only, and that there shall be no other artificial light, and no fire or blaze in the room where and when such reservoir is being filled or emptied, or open.

3—That there shall be no gasoline in excess of ten (10) gallons (which shall be contained in tight and entirely closed metal cans, free from leak), kept or used inside of said building, except that contained in the reservoirs of automobiles.

4—That the supply tank shall be at least five (5) feet from said building, unless it is buried at least two (2) feet below the level of the basement floor. All pipes for filling or ventilating the supply tank to be outside said building, and piping to pump to be laid so as to drain toward the tank.

5—That when acetylene gas is used for automobile lamps, it shall be contained in an airtight metal tank or generator, and not over twenty-five (25) pounds of calcium carbide shall be kept in said building, the same to be contained in water-tight metal receptacles.

6—The term "gasoline" shall be held to include naphtha, benzine, or any of the light products of petroleum, coal or tar, by whatever name known.

7—The term "automobile" shall be held to include motorcycles, or any other self-propelled vehicle using gasoline or steam.

Permission is hereby granted for the within described premises to be and remain vacant for a period not exceeding sixty (60) days at any one time, the term "vacant" being construed to mean an

empty building devoid of personal habitation; or to be and remain unoccupied for a period not exceeding six (6) months at any one time, the term "unoccupied" being construed to mean a dwelling that is entirely furnished, but with personal habitation temporarily absent.

It is agreed by the assured that the premises shall be kept properly closed and secured to prevent trespassing or the entrance of unauthorized persons during the term of vacancy or unoccupancy.

(Attach other usual clauses.)

DWELLING FORM—BUILDING AND (OR) HOUSEHOLD FURNITURE

(Underwriters' Association of the Middle Department)

\$....On the.....story.....roof.....building, and additions thereto adjoining and communicating, all while occupied as a Dwelling House, including foundations, exterior attachments, plate glass, fresco and wall decorations, plumbing, gas, water, steam and ventilating pipes, stationary heating and lighting apparatus, electric wiring, burglar alarms, chandeliers, gas fixtures and appurtenances thereto; storm and screen doors, outside windows and blinds, screens, and awnings, whether in position or stored therein or in any outbuilding located on premises connected with said Dwelling and on all permanent fixtures therein or thereon; situated.....

\$....On household furniture, useful and ornamental; including carpets, rugs and oil cloth, beds, bedding, linen, wearing apparel and material for same; curtains and draperies; trunks, satchels, umbrellas, parasols, canes, fans; plate, plated and metal ware, glass and china ware; printed books and music; sewing machines; mirrors, opera and eye glasses, clocks, watches and jewelry in use, musical instruments, phonograph, phonographic and musical records; statuary, bronzes, bric-a-brac and other works of art, paintings and engravings and their frames, at not to exceed cost; billiard and pool tables and appurtenances; games and toys; baby carriages; sportsmen's outfit; bicycles, excluding motor cycles, the housing of which is prohibited, unless otherwise provided by agreement in writing added to this policy; cameras and amateur photographers' outfit, artists' materials; vacuum cleaner and its attachments, house and garden tools and implements; kitchen and laundry utensils and appliances; fuel, family stores, and such other articles as are of common household, family, or personal use, wear, adornment, or amusement, the property of the assured or any member of the family; it being understood and agreed that pictures or other property specifically insured are not covered under this item; and that musical instruments and household furnishings purchased on the installment plan are covered hereunder only to the extent of the assured's payment thereon; all while contained in.....

(Attach usual clauses.)

PROTECTED DWELLING AND FURNITURE FORM (*New York State*)

\$....On the.....story.....building and additions, withroof, while occupied as a Dwelling, including all permanent fixtures belonging thereto while therein or thereon, situate No.....on the.....side of.....Street, within the corporate limits (City or Village) of.....County of.....State of New York, and located within 500 feet of a public hydrant and within 1½ miles of a regularly organized and equipped public fire department station of said municipality. This insurance also to cover awnings, door and window screens, storm doors and windows, belonging to the dwelling, in place or stored in the above building or in the outbuildings on the premises.

\$..On household and personal property of every description such as is usual or incidental to a dwelling, belonging to the assured, or any member or servant of the family (including drawings and manuscripts, at not exceeding cost, but excluding articles specifically insured), all while contained in the above described dwelling.

(a) All buildings hereby insured, or containing the property insured, have none other than chimneys or flues constructed of brick or stone (if built of stone they have flue linings) built from the ground or from a living room and not from an attic, and all smoke pipes enter chimneys or flues unobstructed from view at a point below the attic, *except as follows*:.....

(b) None of the buildings hereby insured or containing the property insured is in a continuous row or group, *except as follows*:

(c) The dwelling hereby insured or containing the property insured is not occupied by more than three families and the barn is not used for the stabling of more than four horses, *except as follows*:

(Attach usual clauses.)

DWELLING AND FURNITURE FORM (*New Jersey*)

\$....On the.....story.....roof.....building, additions and extensions thereto, and all permanent fixtures therein, thereon and belonging thereto, including plumbing, steam, gas and water pipes and fixtures, electric light wiring and fixtures, permanent apparatus for heating and cooking, awnings, stoops, sidewalks, mason and iron work, and fences connected therewith, while occupied exclusively for dwelling purposes by not exceeding two families, situated.....

\$....On household furniture, useful and ornamental, including beds, bedding, linen, wearing apparel, plate and plated ware, printed books and music; pictures, paintings and engravings and

their frames, bronzes, statuary and other works of art and objects of virtu (at not exceeding cost price); all musical and scientific instruments, sewing machines, mirrors, jewelry and precious stones in use, fuel and family stores and supplies, tools, toys, bicycles, guns and other sporting goods and utensils the property of the insured or any member of the family, all while contained in the above-described building.

It is understood and agreed that the.....item of this policy also covers awnings, door and window screens, and storm doors and windows, while attached to above-described building, or in amount not to exceed \$200 while stored in outbuildings upon the above-described premises.

(Attach usual clauses.)

DWELLING AND HOUSEHOLD FURNITURE FORM

(S. E. U. A.)

\$....On the.....story.....building, its additions and foundations, with.....roof, occupied by.....as a Dwelling House, including all permanent fixtures, wiring and cistern; also window and door screens and awnings, contained in or on said building or stored in other buildings on same premises; situate

\$....On Household and Kitchen Furniture of every description, useful and ornamental, Family Wearing Apparel and Material for same, Traveling Equipment, Books, Musical Instruments and Music, Pictures, Engravings and their Frames (at not exceeding cost), Firearms and Accoutrements, Bicycles, Bronzes, Statuary, Articles of Virtu, Jewelry in use, Fuel and Household Stores and such other articles as are generally used in housekeeping, the property of assured or of any member of the family, only while contained in the above described Dwelling and its additions.

\$....On the.....building, with.....roof, and its additions, situate on above described premises, including foundations, and occupied as a Servants' House.

\$....On the.....building, with.....roof, and its additions, situate on above described premises, including foundations, and occupied as a Private Barn.

\$....On
(Attach usual clauses.)

DWELLING OR APARTMENT HOUSE FORM

\$....On the.....building occupied as.....situate.....

It is understood and agreed that this policy covers additions and extensions adjoining and communicating; plate glass, frescoes and decorations without restriction; gas and electric fixtures and chandeliers, mirrors, steam, gas and water pipes and fixtures, plumb-

ing work and all permanent fixtures, engines, boilers and connections, heating apparatus, machinery, elevators and hoisting apparatus, dynamos, electric apparatus, fixtures, wire screens and awnings, contained in or attached to the building or under the sidewalk in front thereof.

It is understood and agreed that this policy also covers awnings, door and window screens, and storm doors and windows, while in or attached to above described building or stored in out-buildings upon the above described premises.

PERSONAL PROPERTY CLAUSE.—If the building insured under first item is occupied by two or more families for dwelling purposes, then, personal property, if any, of the following kinds belonging exclusively to the insured hereunder, as building landlord and not as tenant, and in actual use solely for the furnishings of said building, viz.: floor coverings of public halls and stairs, window shades, awnings, and screens belonging to said building and attached to or stored therein, fuel contained and intended for use therein, employees' uniforms and janitor's supplies, is covered hereunder.

(Add usual clauses.)

DWELLING FORM (Where Permitted)

(Extended Description)

\$....On the.....Dwelling and/or additions adjoining and/or communicating, and all permanent fixtures attached thereto and/or contained therein, or connected with same, including foundations, porches, verandas, lighting, heating, ventilating and/or plumbing apparatus, (stationary wiring and/or piping), machinery used in the maintenance of building, mill-wright work, stoves, ranges, furnaces, gas and/or electric fixtures, electric bells, speaking tubes, interior telephone systems, enunciators, plate, ornamental and stained glass windows and doors; decorations, wall paper, frescoes, wall-safes, signs, awnings, screens and/or storm doors, platforms, elevators, dumb waiters and all other building equipment, apparatus and/or appurtenances even though not specifically mentioned, whether in place, stored in, attached to the outside and/or on the roof of building and/or additions; also architect's and/or inspector's fees for supervising replacements and/or repairs; also sidewalks, outside toilets and/or fencing on the premises. Situate

(Add usual clauses.)

HOUSEHOLD FURNITURE FORM

\$....On household, personal, professional and scientific furniture, fixtures and effects of every description, and all articles for ornament, entertainment, consumption, wear or display for household or personal use, the property of the insured or any member of the immediate family, and on the legal liability of the insured for loss or damage to similar property of others;

Including awnings, casts, curiosities, drawings, dies, implements, jewels, models, medals, patterns, pictures, scientific apparatus, signs, sculpture and tools;

Excluding accounts, bills, currency, deeds, evidences of debt, money, notes, securities, bullion and manuscript.

All while contained in or on or attached to the building and additions, adjoining and communicating, occupied as..... situate.....

(Add usual clauses.)

HOUSEHOLD FURNITURE FORM

(Extended Description)

\$....On household and kitchen furniture of every description, useful and ornamental, utensils and furnishings, lambrequins, curtains, window-shades, blinds and hangings, beds, bedding, linen, carpets, rugs, toilet articles, wearing apparel, plate, plated-ware, crockery, china and glassware, pianos, organs and other musical instruments, covers and stools, chandeliers, electroliers, lamps, library of printed books and music, pictures, engravings, photographs, portraits, mirrors and their frames, bronzes, statuary, works of art, bric-a-brac and objects of virtu, casts, models, curiosities, scientific and mechanical instruments, appliances, utensils, tools and implements, billiard and pool tables and appurtenances, fire-arms, military and society equipments, articles for use, recreation, amusement or personal adornment, sporting, photographic and traveling outfits, canes, umbrellas, parasols, fans, opera and field glasses, artists' materials, garden implements, hose and reel, bicycles, motor-cycles, velocipedes, baby carriages, tricycles and other vehicles, smokers' articles, toys, small wares, embroideries, materials for personal, family or household use, in process of making or not made up, clocks, ornaments, safes, typewriting, adding, duplicating and/or billing machines, sewing machines, and appurtenances, watches, jewelry and precious stones, robes and outfits for riding and driving, signs, awnings, screens and/or storm doors, flags, plants and shrubbery, birds and cages, natural history specimens and their appurtenances, wines, liquors, household supplies, and family stores and fuel and all articles used for ornamentation, amusement, travel, study or research, the property of the assured, or any member of the family household, their relatives, friends, guests, and/or servants, the property of the assured or in which the assured may have an interest or for which the assured may be liable or sold but not removed, including all other household equipment, apparatus, and/or appurtenances even though not specifically mentioned.

All while contained in, attached to the outside and/or on the roof of.....building and/or additions, situate.....

(Add usual clauses.)

HOUSEHOLD FURNITURE FORM

\$....On household or other personal property for use, consumption or adornment, including all property enumerated in the policy on which liability is required to be specifically assumed; the property of the insured or any member of the immediate family, and on the interest of the insured in and/or liability for similar property held by the insured on storage, or for repairs, or otherwise, belonging in whole or in part to others; all while contained in, on or attached to the.....building, or while temporarily in the open on premises, situate.....

Property covered under the building item is not covered under the contents item, nor property that is the subject of more specific insurance.

(Attach usual clauses.)

PRIVATE GARAGE AND CONTENTS

\$....On the.....building and additions adjoining and communicating, and all permanent fixtures, including gasoline and oil apparatus, attached to the building, while occupied as a private garage, situate.....

\$....On furnishings and equipment, tools, apparatus, supplies, household furniture in use, liveries and all similar property, while contained in the above described garage.

This policy shall not cover motor-driven vehicles; nor shall it cover on other property that is more specifically insured.

(Add usual clauses.)

PRIVATE BARN AND CONTENTS AND OUT-BUILDINGS (Illustration)

\$....On the.....story.....roof.....building, and additions and extensions adjoining and communicating, and all permanent fixtures therein and thereon, a part of the realty, while occupied as a private barn and tool house, situate.....

\$....On horses contained therein (limit on any one horse not to exceed \$.....)

\$....On vehicles (excluding motor-driven vehicles), horse and carriage equipment, liveries, hay, grain and feed, barn and garden tools, and household furniture in use therein, while contained in said building.

\$....On tool house and permanent fixtures therein and thereon, a part of the realty, situate.....

\$....On play house and permanent fixtures therein and thereon, a part of the realty, situate.....

\$....On personal property of all descriptions while contained therein.

(Add usual clauses.)

COUNTRY ESTATE FORM (Illustration)

\$....On the following described property situate on the premises of the insured (location), as per diagram on file with the..... Insurance Company.

BUILDING.—The term building shall include additions and extensions adjoining and communicating, foundations, plumbing, steam, gas and water pipes; lighting, heating and service apparatus, and all permanent fixtures; plate and ornamental glass, fresco work and decorations; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in building, or belonging to the building and stored in outbuildings on the premises described herein.

CONTENTS.—The term contents shall include household furnishings and utensils of every description, useful and ornamental; fuel and family stores; printed books and music, pictures, paintings, engravings and mirrors and their frames (value in case of loss not to exceed cost); wearing apparel, watches and jewelry in use, works of art, traveling equipments, musical and scientific instruments, sporting equipment, bicycles, tools and implements; and on horses, cows, chickens and all other fowls and live stock (limit of value not exceeding \$....each on horses, \$....each on cattle, \$....each on pigs, \$....each on fowls), vehicles (excluding motor driven vehicles), horse and vehicle equipment, liveries, hay, straw, grain and feed, barn and garden tools, and all other personal property for use, consumption or adornment, including that on which liability is required by the policy to be specifically assumed; the property of the insured or any member of his own family, and on the legal liability of the insured for loss or damage to similar property of others. This item shall not cover, however, on accounts, bills, currency, deeds, evidences of debt, money, notes or securities; nor property that is covered under the building item; nor shall personal property be covered under any general item when the subject of more specific insurance.

It is understood and agreed that the amounts stated in the following schedule under the item "building" and/or the item "contents," shall attach in accordance with the form as given under those respective headings, and that the amount of insurance is divided and applies as per the following schedule, viz.:

Item	Description of Property	Buildings	Contents	Total
1.	On main dwelling	\$40,000	\$30,000	\$70,000
2.	On carriage house	9,000	6,000	15,000
3.	On garage	6,000	2,000	8,000
4.	On chicken house	1,000	1,000	2,000
5.	On tool house	600	800	1,400
6.	On playhouse	400	200	600
7.	On farm barn	7,000	8,000	15,000
8.	On hay barn	2,000	2,000	4,000
Totals		\$66,000	\$50,000	\$116,000

This policy shall cover a pro rata proportion of each of the above described items.

(Add usual clauses.)

FARM FORM

(New York State)

Items must not be bracketed. Farm produce must be insured specifically in each building.

(NOTE:—Most rating associations have farm forms that are mandatory; that of New York State is given as an illustration.)

\$....On.....story.....roofed.....building with additions, foundations and all permanent fixtures, while occupied as a private family residence.

\$....On household furniture, useful and ornamental (excluding musical instruments), family wearing apparel, fuel, family provisions, stores, printed books, plate and plated ware, sewing machine, pictures with their frames (not exceeding cost), while contained therein.

\$....On musical instruments, while contained therein.

\$....On farm produce in excess of the amount required for family use while contained therein.

\$....On dairy products in excess of the amount required for family use while contained therein.

\$....On barn No. 1 on diagram, including sheds and additions attached.

\$....On farm produce and feed, while therein, and in stacks within 100 feet. See paragraph (e) below.

\$....On

\$....On barn No. 2 on diagram, including sheds and additions attached.

\$....On farm produce and feed while therein, and in stacks within 100 feet. See paragraph (e) below.

\$....On

\$....On barn No. 3 on diagram, including sheds and additions attached.

\$....On farm produce and feed while therein. See paragraph (e) below.

\$....On frame building while occupied as granary, No. 4 on diagram.

\$....On farm produce and feed while therein. See paragraph (e) below.

\$....On farming tools and utensils, including mower and reaper, while in said barns.

\$....On wagons, carriages, excluding motor vehicles, the storage and use of those using gasoline being prohibited, unless permission is specifically endorsed hereon, sleighs, harness with carriage and horse equipment while in said barns. See paragraph (h) below.

\$....On horses, Class 1, while in said barns. See pro rata clause.

\$....On sheep, Class 2, while in said barns. See pro rata clause.

\$....On cows, oxen or bulls, Class 3, while in said barns. See pro rata clause.

\$....On hogs, Class 4, while in said barns. See pro rata clause.

\$....On young stock under two years of age, Class 5, while in said barns. See pro rata clause.

\$....On.....

\$....TOTAL INSURANCE.

All situated on the farm owned by.....while occupied by
.....in the Township of.....County of.....State of
New York.

For a more complete description, reference is had to the Application and Survey of the Assured, No....., on file with this Company, which is a warranty by the assured and is made a part of this contract.

(a) If live stock is insured hereunder, it is insured subject to the provisions of the "Live Stock Pro-Rata Clause," as follows:

Live Stock Pro Rata Clause. It is a condition of this contract that the amount covered upon each Class of live stock, as above, shall apply at the time of loss in an equal sum upon each animal in the proportion that the number of animals in each such class shall bear to the total amount covered on that class. Provided, that except on animals covered specifically by names or numbers, this Company shall not be liable for more than, or in case of other insurance, for more than its pro rata proportion of, \$..... on any horse, mule or colt; \$..... on any head of cattle over two years old; \$..... on any head of cattle under two years old; \$..... on any sheep or \$..... on any hog, nor for more than the actual cash value of any such animal.

(b) Live stock covered by this policy is insured against death only directly caused by lightning, meaning thereby the use of the term lightning as above stated, in said barns, or while at large on owner's premises or elsewhere.

(c) This Company shall not be liable for any loss arising from, or occasioned by, the use of open lights, or gasoline, burning fluid or any chemical oil, for any purpose in any barn or outbuilding insured or containing property insured by this policy.

(d) Permission is hereby granted for the use of kerosene oil for lights and for one kerosene oil stove in dwelling, provided lamps or lanterns and (or) stove are filled during daylight only and when flame is extinguished.

(e) The use of fire heat in any barn, hop house, fruit house, evaporator or other outbuilding insured or containing property insured by this policy, or exposing property insured hereby, without written permission hereon, is prohibited.

(f) The use of any incubator or brooder in or within fifty feet of any building described in this policy without permission endorsed hereon is prohibited.

(g) If harness and (or) robes are insured hereunder, this policy shall extend to cover same while contained in the dwelling, under item of policy covering such property.

(h) Pro-rata Distribution Clause, applying to items 16 and 17. It is a condition of this contract that the amounts insured under each of said items shall attach in each building, shed or other structure and (or) place in that proportion of the amounts insured under said items that the value of the property covered by this policy in each building, shed and other structure and (or) place shall bear to the value of all the property described in said items respectively.

(i) Permission is hereby given to use steam as a motive power for threshing grain, subject to the following warranties on the part of the assured:

WARRANTIES:

First.—When there is a fire in the furnace of the boiler, it shall not be located nearer than twenty-five feet from any building or stack of hay or straw, nor shall any litter or straw be allowed to collect or remain within fifteen feet of said furnace and mineral coal, or wood for kindling, only shall be used for fuel.

Second.—A cap or screen, in perfect order, shall cover the smokestack during all the time a fire is in the furnace and all modern means used for safety and protection shall be attached to the boiler and engine, and shall be in good condition.

Third.—At least three pails of water shall be kept within ten feet of the furnace, while there is any fire in the furnace.

Fourth.—During the absence of the persons engaged in threshing, a competent watchman shall be left in attendance until all the fire is extinguished.

(j) Machines of all kinds, other than hand power, wool, tobacco, hops, poultry, and dressed animals must be insured specifically, not being covered under any general term.

(Attach Lightning and Three-quarter Value Clauses.)

FARM FORM (West)

(Illustration)

FARM PROPERTY FIRE, LIGHTNING AND TORNADO FORM

(1) \$. On story roof Dwelling House, including foundations, additions now and hereafter attached, irremovable fixtures, plumbing, heating and lighting apparatus, porches, storm doors and screens while therein or attached thereto or while stored in any buildings on the premises.

(2) \$....On Household and Kitchen Furniture and Furnishings of all kinds, useful and ornamental, belonging to the assured or to members of assured's family, including family wearing apparel and materials for same, trunks, handbags, umbrellas, canes, family provisions and produce, musical instruments, sheet music, silver plate and plated ware, watches, clocks, and jewelry in use; also printed books, pictures, engravings and frames (at not exceeding cost price), firearms and their equipment, lodge and social regalia, fuel, sewing machine and iron safe, only while contained in the above-described dwelling house and in the summer kitchen used in connection therewith.

(3) \$....On

(4) \$....On

(5) \$....On

(6) \$....On Smoke and Produce House marked No..... on diagram on application.

(7) \$....On Family Provisions and Produce, only while contained in the above-described Smoke and Produce House.

(8) \$....On Barn and Sheds attached, including foundations and fixtures therein or thereon, marked No. 1 on diagram on application.

(9) \$....On Barn and Sheds attached, including foundations and fixtures therein or thereon, marked No. 2 on diagram on application.

(10) \$....On Barn and Sheds attached, including foundations and fixtures therein or thereon, marked No. 3 on diagram on application.

NOTE—Silos (whether attached to any of said buildings or not) and silage are not covered by this Policy unless they are insured specifically under separate items.

(11) \$....On Granary marked No.....on diagram on application.

(12) \$....On Crib marked No.....on diagram on application.

(13) \$....On.....roof.....Silo, situated (as shown on diagram on application) as follows:

(14) \$....On

(15) \$....On

(16) \$....On Grain and Seeds of all kinds while in dwelling, granaries, barns and cribs, and against fire and lightning only on grain while in stacks, shocks or sacks, on premises herein described.

(17) \$....On Harness, Saddles, Robes, Blankets, Whips, Carriages, Buggies, Sleighs, Wagons, including hay racks and all other farm vehicles (excluding steam or motor driven vehicles), while on or temporarily off the premises.

(18) \$....On Hay, Straw, Fodder, Ground Feed and all kinds of manufactured stock foods (not specified under Item 16 on grain

and seeds and Item 20 on silage), while in barns or sheds, on the premises herein described.

(19) \$....On Mowers, Reapers, Harvesters, Farm Implements, Tools, Cream Separators, Milk Cans, Empty Sacks and Bags, Utensils and Farm Machinery (excluding threshing machines, windmills, electric motors, gasoline, kerosene and steam-power engines and machines), on or temporarily off the premises herein described.

(20) \$....On Silage while in silos on the premises herein described.

(21) \$....On

(22) \$....Against fire and lightning only (no premium being charged for tornado) on Hay, Straw and Fodder in stacks on cultivated ground only, on the premises herein described, not exceeding \$100 on any one stack of hay or \$50 on any one stack of straw or fodder.

(23) \$....On Horses, Mules and Colts.

(24) \$....On Cattle.

(25) \$....On Sheep.

(26) \$....On Hogs.

(27) \$....On

No insurance attaches under any of the above items unless a definite amount is specified and inserted in blank immediately preceding the item.

Any insurance under this policy on live stock (unless otherwise provided) is extended to cover while on or temporarily off the premises herein described except while in transit by common carrier or in public stock yards.

In no case (except in the case of more valuable animals insured specifically by names and/or numbers) shall any one horse or mule over two years old be valued at more than \$....; nor more than two-thirds of said sum if under two years old; nor for more than one-third of said sum if under one year old; nor shall any one head of cattle over two years old be valued at more than \$....; nor shall any one head of cattle under two years old be valued at more than one-half of said sum; nor shall any one sheep be valued at more than \$5.00; nor shall any one hog be valued at more than \$20.00; nor in any case for more than the actual cash value of the animal of any class destroyed or damaged, such cash value in no event to exceed the valuations given above.

Said property being owned by the assured, and (except as herein otherwise provided) situated on and confined to..... acres in the.....of Section.....Township.....Range..... County of..... State of.....

SPECIAL PERMITS APPLYING ONLY TO FIRE AND LIGHTNING COVERAGE

The following permits are hereby granted by the Company and made a part of this Policy, to wit:

TO CONSTRUCT ORDINARY OUTBUILDINGS.—Permission to make alterations, repairs and additions to any building herein described, and the insurance, if any, on such building is hereby extended and made to cover such repairs and improvements, subject to the conditions of this Policy.

Ninety days' permission granted to complete and occupy any new building insured hereunder in process of construction and this policy shall, subject to its other conditions, cover such building and the material to be used in its construction while on the described premises.

Good brick flues must be provided in all buildings in which fires are to be used.

VACANCY.—Permission given for any of the buildings herein described to remain vacant, unoccupied or uninhabited for not exceeding ten consecutive days.

ELECTRIC LIGHT PERMIT.—Permission to use electric lights in all buildings.

NATURAL GAS PERMIT.—Permission to use natural gas for fuel and light, provided this Company shall not be liable for loss or damage caused by explosion of natural gas on the premises unless fire ensues, and then for loss or damage by fire only.

KEROSENE PERMIT.—Permission to use kerosene for lighting, heating and cooking in the dwelling house and summer kitchen, and for use in closed lanterns for lights in barns and outbuildings.

GASOLENE AND KEROSENE STOVE PERMIT.—Permission to use gasolene or kerosene stoves in the dwelling house or summer kitchen.

GASOLENE GAS PERMIT.—Permission to use a gasolene gas lamp or gasolene gas lighting system for lights in the dwelling house or summer kitchen. Gasolene lamps or gasolene lanterns for lights and open lights in barns and outbuildings are positively prohibited.

GASOLENE ENGINE PERMIT.—Permission to use a gasolene engine for power purposes on the premises.

AUTOMOBILE PERMIT.—Permission to house one automobile in barn or other outbuilding, provided the part of the building in which the automobile is stored has only an earth, concrete or other incombustible floor.

STEAM POWER PERMIT.—Permission to use steam power for threshing, shelling corn and other farm work outside of buildings.

INCUBATOR AND BROODER PERMIT.—Permission to use chicken incubators and brooders anywhere on the premises **except in barns.**

LIGHTNING CLAUSE.—Except as provided in the Electrical Exemption or Dynamo Clause below, this policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured, nor the interest of the insured in the

property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

ELECTRICAL EXEMPTION OR DYNAMO CLAUSE.—If dynamos, exciters, lamps, motors, switches or other electrical appliances or devices are covered under this policy, this company shall not be liable for any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then only for such loss or damage to them as may be caused by such ensuing fire; this limitation to be operative notwithstanding any provision to the contrary in the lightning clause attached.

IMPORTANT

Permission for the use of GASOLINE for any of the above mentioned purposes is granted upon the express warranty on the part of the assured that the lamps, reservoirs or holders will be filled by daylight only, and when no artificial light is burning in the same room, and when the burners or lamps are not lighted; and further, that no gasoline except that contained in said lamps, reservoirs or holders shall be kept or stored within fifteen (15) feet of any of the buildings herein described.

CYCLONE, TORNADO, OR WINDSTORM CLAUSE.—In consideration of a part of the premium herein named this policy also covers all direct loss or damage by Cyclone, Tornado, or Windstorm, except as herein provided, to an amount not exceeding..... Dollars to the property herein described and in the manner specified, subject to the terms and conditions of this policy. Provided, however, if there be other valid insurance on such property against direct loss by Cyclone, Tornado, or Windstorm, this Company shall be liable only pro rata with such other valid and collectible insurance for any such loss by Cyclone, Tornado, or Windstorm.

THIS COMPANY WILL NOT BE LIABLE FOR ANY CYCLONE, TORNADO, OR WINDSTORM loss or damage to buildings (or their contents) in course of construction or re-construction unless same are entirely enclosed and under roof, with all doors and windows permanently in place; nor to buildings covered, in whole or in part, with hay, straw, thatched or board roofs; nor to open sheds; nor for the blowing down of loose clap-boards, eave-troughs or spouts, weather-vanes, lightning-rods, old and defective flues and shingles, metal smoke-stacks and window-blinds; nor for wind-mills or dilapidated buildings. It is further understood and agreed that this insurance does not cover any loss or damage from cloud-burst, flood or overflow, cold weather or blizzard; nor from hail, rain or snow (whether driven by wind or not); nor to hay or grain in stacks or loose in fields; nor for loss or damage to live stock caused by freezing in blizzards, or snow-storms, or by blowing down of trees, hay or straw stacks.

FARM APPLICATION (West)

(Illustration)

If Tornado Indemnity is asked for in this Application, insert the words "or Tornadoes, Cyclones or Windstorms," in second line after the words "Fire and Lightning."

SINGLE NOTE OR CASH

APPLICATION OF

for indemnity against loss or damage by Fire and Lightning.

by **INSURANCE COMPANY, NEW YORK,** Dollars, for the term of years, on property as below specified, commencing on the day of 192

Rate for Dwelling and Contents. Rate for Barn and other property.

The amount of indemnity asked for on Buildings is based upon their present Cash Value, and the answers below are my own or by my authority (NOTE: In this space are the items to be insured, being printed in detail as in foregoing policy form.)

Said property being owned by the Assured, and (except as herein otherwise provided) situated on and confined to. Acres in. of Section. Town. Range. In the County of. State of.

Fill Each Blank	Length	Width	Height	Yrs. Old	Kind of Foundation	Is Building of Brick, Stone or Frame	Kind of Roof	Number of Rooms	No. of Finished Rooms	Specify Condition and state of repairs of each Building	Number of Chimneys	Of what Material are Chimneys constructed
Dwelling House.												
Wing.												
Smoke and Provision House												
Barn and Sheds, No. 1.												
Barn and Sheds No. 2.												
Barn and Sheds No. 3.												
Granary.												
Crib.												

How many are built from the ground?

- Are you the sole and absolute owner of the property proposed to be insured? 1
- Is the title to land on which buildings are situated in your name? 2
- If bond, contract or agreement for deed, how much has been paid? 3
- Is any of your property real or personal? 4

From 1st story?

On what do they rest?

From 2d story?

On what do they rest?

From garret?

5	Give name and P. O. address of mortgagee or holder of lien?	.....	Stove Pipes
6	How much land do you own on which the property to be insured is located, and what is its value per acre?	..... Acres: \$..... per acre	How many pass through roofs?.....
7	Are the buildings now occupied?	.....	Through side of building?.....
8	For what purpose occupied—by owner or by tenant?	..... By.....	<i>If so, decline.</i>
9	Have you ever suffered loss by fire, and if so, when and how did fire originate?	.....	Through floors or partitions?.....
10	Have you any fear that your property is in danger from incendiarism, or have you enemies who have made threats?	.....	If so, how near wood?.....
11	Describe all buildings within 100 feet of buildings to be insured, and state purpose for which each building is occupied.	.....	How secured?.....
12	Give distance between each barn to be insured and occupied dwelling.	.....	Do pipes enter chimney at side by elbow horizontally?.....
13	Has this Company any other insurance within 100 feet? If so, how much?	.....	Does any pipe enter at bottom perpendicularly?..... Which story?.....
14	Is there any other insurance on the property? If so, give name of Company and attach copy of written form of policy.	..... Policy No.....	How secured?.....
15	What is used for lights? What is used for fuel?	.....	Does any pipe enter chimney in the garret or in an unoccupied room?.....
16	When was dwelling last painted.	.....	Does any pipe pass through garret or unoccupied room?.....

If this application is for Tornado Indemnity as well as Fire and Lightning, it is understood and agreed that hay or grain in stacks, windmills, wind pumps, wind powers, trees, fences, buildings in course of construction (including their contents), or when standing on posts or pins and not sheeted or banked up, will not be insured against loss or damage by windstorms, tornadoes or cyclones; and that in no event shall the Company be liable for loss or damage to buildings, occasioned, directly or indirectly, by frost or cold weather, nor liable for loss or damage to live stock, occasioned, directly or indirectly, by frost, cold weather and what is known as a blizzard.

The foregoing is my own agreement and statement, and is a correct description of the property on which Indemnity is asked, and I hereby agree that insurance shall be predicated on such statement, agreement and description, if this Application is approved, and that the foregoing shall be deemed and taken to be promissory warranties running during entire life of said Policy. If any promissory note given for the whole or any portion of the premium for the policy that may be issued upon this application shall not be paid promptly when due, then said Policy shall be suspended, inoperative and of no force or effect until such promissory note is paid. This Company shall not be bound by any act done or statement made by or to any Agent, or other person which is not contained in this my Application.

[This Application and Note must be Filled and Signed with Ink, not Pencil.]

Applicant.

N. B.—This Application in all cases to be signed only by the Applicant or some person duly authorized by him or her. In no case by the Sub-Agent.

(NOTE: On Reverse Side is Space for Diagram.)

WHEAT AND STRAW ON FARM—VIRGINIA*(S. E. U. A.)*

\$....On wheat and straw, covering in straw and garner; all while contained in stack, barn, shock, granary, or elsewhere on assured's farm, situate about.....

Attach O. I. P.; Full Coinsurance, Lightning and Steam Threshing clauses.

FARM AND GRAIN FORM*(Uniformity West)**(For Use on Either Fire or Tornado Policies)*

On grain and seeds of all kinds (including sacks and bags), cut and uncut (but not including straw or stubble), threshed or unthreshed, shelled or unshelled, in shocks, stacks and ricks on cultivated land, in dwelling house, barns, bins, tanks, granaries and cribs, all while situated as follows:

\$....On..... $\frac{1}{4}$ Section.....Township.....Range.....
County of.....State of.....

\$....On..... $\frac{1}{4}$ Section.....Township.....Range.....
County of.....State of.....

\$....On..... $\frac{1}{4}$ Section.....Township.....Range.....
County of.....State of.....

\$....On..... $\frac{1}{4}$ Section.....Township.....Range.....
County of.....State of.....

This insurance shall attach in each building, division, stack, rick or location in such proportion as the value in each building, division, stack, rick or location bears to the aggregate value of the subject insured.

It is hereby agreed and understood that any insurance covering against Tornadoes, Cyclones and Windstorms, covers grain and seeds as above specifically described only while in buildings on premises mentioned and in no event upon grain and seeds in the field or in stacks, ricks and shocks.

Loss, if any, to be adjusted with assured and payable to.....
Mortgagee.....

Permission granted to use Steam or Gasoline as a Motive Power for Thrashing Grain.

Value of Grain, \$.... Amount of Additional Insurance, Fire, \$....Tornado, \$....Amount of Mortgage, \$....

DIVISION IV

CHURCHES, SCHOOLS, COLLEGES AND PUBLIC BUILDINGS

Policies on this class of property usually cover, separately, the building, and the contents thereof, and contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric Lighting or other Lighting that may be required, Kerosene Oil Stove, Mechanics, and sometimes the Work and Materials; also Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. (See also Special Agreements.)

No special permit is necessary for holding entertainments (although frequently granted) unless special apparatus is used, such as motion picture machines or other apparatus that might be held to increase the hazard. The insurance of these classes of property as such is notice to the companies of their uses for the customary purposes and activities.

The rules of the various associations differ regarding the fixtures that may be included with the building, and these should be referred to before preparing the form.

CHURCH, CHAPEL OR SUNDAY SCHOOL

(New York)

\$....On the.....building, occupied for church.....purposes, situate....., but excluding cost of excavations and foundations of building below the level of the ground. (This may be omitted if desired.)

This item covers all adjoining additions and extensions thereto if communicating, sidewalks, yard fixtures, fences, railings, pews, pulpits, altars, confessionals, window plate and ornamental glass, frescoing and plain and ornamental painting, steam, gas and water pipes, heating apparatus and fixtures and all appliances pertaining thereto, dynamos and all electrical and mechanical apparatus and appurtenances, bells, tower clocks, ventilating apparatus and all permanent fixtures.

\$....On the church, altar, school and other movable furniture, useful and ornamental, carpets, floor coverings, paintings, pictures and engravings and their frames, musical instruments (excepting

pipe organs), statuary, stations, vestments, plate, printed books and music, church and school paraphernalia and supplies.

\$....On pipe organ and motors and all connections and attachments thereto—all while contained in above described premises.

Permission to hold fairs, dramatic and literary entertainments, musical concerts, games or amusements of any kind (excluding motion picture exhibitions) in said building.

Privilege granted to use steam, hot air furnaces or grates for heating; to use gas or kerosene oil for lighting, heating or cooking; to be unoccupied a portion of each year.

(Attach usual clauses.)

CHURCH FORM

(S. E. U. A.)

\$....On the.....Church Edifice, with.....roof, including chapel and parish house adjoining and communicating, tower, foundations, stained and leaded glass windows (when not specifically insured), pews, carvings, inscriptions, tablets, plumbing, gas, water, steam and ventilating pipes, stationary heating and lighting apparatus, boilers and their connections, electric wiring, chandeliers, gas and electric fixtures, and all other appurtenances and permanent fixtures therein and thereon, while occupied as a place of public worship, and known as.....

\$.....On Pipe Organ, including water and/or electric motor, and all appurtenances, connections and attachments thereto; all only while contained in said church edifice.

\$.....On Furniture and Fixtures, useful and ornamental, consisting principally of church, chancel and choir furniture, altar, pulpit, chancel-rail, font, vestments, altar and chancel hangings, banners, plate, musical instruments (when not specifically insured), printed books, printed music, maps, paintings, engravings, pictures and their frames (in case of loss or damage no one painting, engraving or picture shall be valued at more than the actual cost of same), chairs, whether attached to building or not, platforms containing the same, gas stove, crockery and other kitchen furnishings and fuel; all only while contained in the above described building, situate.....

(Attach usual clauses.)

CHURCH FORM

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

*1 \$....On the.....story.....roof.....building, with spire or tower rising about.....feet above peak of roof and about.....feet above ground, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating

apparatus and fixtures therein; also all permanent fixtures (excluding organ with operating motor), including clocks, bells, fixed seats, railings, altars and stained glass windows, belonging to and constituting a part of said building; only while occupied for church purposes, and situated.....

*2 \$....On organ with operating motor, only while contained in the above described building.

*3 \$....On church furniture and fixtures, useful and ornamental; pianos and other musical instruments (excluding organ with operating motor); pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; vestments, fonts, altar vessels, printed church and Sunday-school books; movable heating apparatus and fuel; and all other furniture and fixtures not belonging to and constituting a permanent part of the building; all only while contained in the above described building.

*4 \$....On

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

The use of MOVING PICTURE MACHINES is prohibited (under fire policies) unless special permit is endorsed hereon.

(Attach usual clauses.)

CHURCH (CATHOLIC) AND PAROCHIAL SCHOOL FORM (Illustration)

\$....On the.....building, occupied for church.....purposes, situate.....

This item covers additions and extensions adjoining and communicating, railings, pews, pulpits, altars, confessionals, fixed stations, windows, plate glass, frescoes and decorations, gas, water heating, lighting and ventilating pipes, fixtures and apparatus, and appliances pertaining thereto, bells and tower clocks.

\$....On pipe organs, including all water motors, dynamos, electrical or mechanical apparatus and appurtenances thereto, while contained in the above described building.

\$....On church, altar, school and other movable furniture, not covered under the building or organ insurance, including pictures, paintings, engravings and their frames; musical instruments (except pipe organs), printed books and music, statuary, costumes and vestments, scenery, awnings, fuel and stores, and all other similar property, while contained in the above described building.

Permission granted for other insurance, to hold fairs, concerts, literary and dramatic entertainments, and to be unoccupied during the customary periods.

Attach Lightning and Dynamo Clauses, Electric Light permit, Mechanics permit, and others needed or required.

NOTE:—If used for insuring school property insert "and/or school" after the word "church" in first line.

SCHOOL BUILDING AND CONTENTS FORM

(*New York*)

\$....On the.....building, occupied for school purposes, and known as.....situate.....but excluding cost of excavations and foundations of building below the level of the ground.

This item covers all adjoining additions and extensions thereto if communicating, and all permanent fixtures therein, thereon and belonging thereto, including steam, gas and water pipes, plumbing, heating, lighting, ventilating and electrical apparatus and appurtenances, awnings, fences, railings, sidewalks and yard fixtures.

\$....On school and other movable furniture, useful and ornamental, carpets, floor covering, paintings, pictures, engravings and their frames, musical instruments, statuary and other works of art, articles of virtu, printed books and music, school paraphernalia and supplies, fire extinguishers, hose together with spare parts and attachments to same, scientific cabinets and collections, laboratory apparatus and chemicals, maps, diagrams, models, stationery, blank books, and typewriters and appurtenances, while contained in above-described building.

Permission to hold fairs, dramatic and literary entertainments, musical concerts, games or amusements of any kind (excluding motion picture exhibitions) in said building.

(Attach usual clauses.)

SCHOOL FORM

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

*1 \$....On the.....story.....roof.....school building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures (excluding organ with operating motor), including fixed seats, desks, railings, altars, clocks, bells and stained glass windows, belonging to and constituting a part of said building; only while occupied for school purposes, with privilege of occasional public meetings, and situated.....

This insurance shall also cover under this item, if the property of owner of building, door and window screens and storm doors and windows, belonging to above described building, while attached thereto or stored therein.

*2 \$....On organ with operating motor, only while contained in the above described building.

*3 \$....On movable furniture and fixtures of every description, useful and ornamental; maps, library and supply of books and stationery; mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; laboratory supplies and equipment; scientific supplies and equipment; manual training machinery, supplies and equipment; gymnasium

supplies and equipment; piano and other musical instruments (excluding organ with operating motor); stage scenery and equipment; movable heating apparatus, electrical apparatus, appliances and devices; fuel and provisions; and all other articles and apparatus as are usually contained in school buildings; all not belonging to and constituting a permanent part of the building and only while contained in the above described building.

*4 \$. . . . On

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

The use of MOVING PICTURE MACHINES is prohibited (under fire policies) unless special permit is endorsed hereon. (Attach usual clauses.)

SCHOOL FORM FOR INSURING ALL SCHOOLS OF A CITY (Illustration)

\$. . . . On school properties of the City of, as hereinafter described and specified.

BUILDING.—The term "building" shall include additions and extensions adjoining and communicating, platforms, bridges and fire escapes; plate glass, frescoes and decorations; heating, lighting, ventilating, pumping, plumbing, elevating and water fixtures and equipment, and all permanent fixtures when a part of the realty; outbuildings, fences and yard fixtures pertaining thereto.

CONTENTS.—The term "contents" shall include furniture and fixtures consisting principally of desks, chairs, benches, musical instruments, the articles enumerated in the policy on which liability must be specifically assumed, and all other school, gymnasium, laboratory and manual training furniture, equipment, materials and supplies, and other property not covered under the building item while contained in or on building.

It is understood and agreed that the amounts stated in the following schedule under the item "building," and/or the item "contents" shall attach in accordance with the form as given under those respective headings, and that the amount of insurance is divided and applies as shown in the following schedule, viz.:

Item	Name and Location	Building	Contents	Total
1.	Central, Main and High Sts. . .	\$60,000	\$15,000	\$75,000
2.	Boys' High, Palmer and Green Sts.	65,000	18,000	83,000
3.	Girls' High, Park & Broad Sts. .	90,000	22,000	112,000
4.	Manual Training, 645 Wood St. .	25,000	17,000	42,000
Totals		\$240,000	\$72,000	\$312,000

It is understood that bridges, passageways and platforms that connect buildings are insured with each building to the midway

point and that foundations of buildings, of boilers, of engines and of fixed machinery, below the lowest ground level are not covered under this policy.

Permission granted to remain closed on holidays, during the customary vacation periods and whenever considered advisable by the school authorities.

(Attach usual clauses.)

NOTE:—This form may also be used for insuring private schools.

COLLEGE OR UNIVERSITY FORM

(Illustration)

\$....Being a pro rata part of each of the following specific amounts of insurance, on property located on the premises of the assured, situate.....

Item..	Property	Building	Contents	Total
1.	North Building	\$120,000	\$ 30,000	\$150,000
2.	East Building	45,000	12,000	57,000
3.	South Building	67,000	22,000	89,000
4.	Memorial Hall	86,000	78,000	164,000
Totals		\$318,000	\$142,000	\$460,000

It is understood and agreed that the insurance on buildings covers on buildings and structures, their attachments, additions, extensions, appurtenances and improvements, therein or thereon, whether adjoining or communicating; also on all permanent fixtures, such as permanent stacks and chimneys, cupboards, elevators and all connections, appurtenances, attachments, illuminating and signal systems, wiring, lamps, lighting, fixtures, power machinery and motors, pumps, pipes and fittings, plumbing work and fixtures, heating, lighting, ventilating and cleaning apparatus, memorial windows, storm doors and windows, screens, fire escapes, awnings, plate, stained and ornamental glass, fresco work and decorations, fixed mirrors and their frames, bookcases and all other furniture set or built in walls, forming a part of the buildings, and on desks, pews, seats, chairs, cases, racks, shelving attached to the walls, floors or ceilings; tanks and connections on or in buildings, or within 100 feet thereof.

It is understood and agreed that the insurance on the contents covers on furniture and fixtures, useful and ornamental, rugs, carpets, pictures, paintings, engravings, and their frames, at not exceeding cost, mirrors, china, glass and crockery ware, fuel, scientific instruments, apparatus, appurtenances, tools and appliances, art and scientific collections, bric-a-brac, bronzes and statuary, photographic outfits, dynamos, motors, electrical and other machinery and apparatus, printing and book binding equipment, books, manuscripts and all other articles and apparatus neces-

sary or usual in the conduct and maintenance of a University, including materials and supplies.

Items excluded.—Cost of excavations, filling, grading and foundations of buildings and foundations and settings of machinery below the level of the ground are not covered by this policy.

Permission granted to remain closed on holidays and unoccupied during the customary vacation periods and whenever considered advisable by the University authorities; to do such work and use such materials as are customary or incidental to University properties.

(Attach usual clauses.)

PUBLIC BUILDING FORM (Illustration)

\$....On the.....story.....roof.....building, including additions and extensions adjoining and communicating unless specifically insured, screens, awnings, and apparatus and fixtures for heating, lighting, ventilating, or other service of the building; outbuildings, yard fixtures, fences and flag poles pertaining thereto, while occupied for.....purposes, situate.....

\$....On furniture and fixtures consisting principally of desks, benches, chairs, the articles enumerated in the policy on which liability must be specifically assumed, and other furniture, equipment, materials and supplies, while contained in the building described above. This item shall not cover any property that is enumerated or covered under the building, nor records, books of account or labor performed thereon.

It is understood that bridges, passage-ways and platforms that connect buildings are insured under the building item to a midway point.

Attach clauses for Other Insurance, Lightning and Dynamo, Kerosene Oil Stoves, Mechanics Permit, Work and Materials, and Unoccupancy during customary periods. Also other clauses desirable or required by conditions or local underwriting rules.

If coinsurance is used exclude foundations, etc.

NOTE:—When a form is desired for making a schedule of all municipal buildings, use one modeled after the school schedule.

PUBLIC RECORDS FORM

\$....On abstracts, records of title, maps, and such other title records and references, or other records, as constitute the public records of....., while contained in, etc.

In the event of loss, no claim shall be made in excess of the amount of the actual cost of the labor required to reproduce the damaged property, and the blank books and stationery upon which the said records are reproduced.

(Attach usual or required clauses.)

PUBLIC LIBRARY FORM

(May also be used for an extensive private library)

\$....On library of books, pamphlets, manuscripts, papers, magazines, and other reading matter, bound or unbound, but not to cover such property if more specifically insured, and

\$....On furniture and fixtures, book-cases, shelving, catalog and card index cases, stationery, ornaments, pictures, paintings and engravings and their frames, and all other equipment (whether required by the policy to be specifically mentioned or not) pertaining to a library, and

\$....On card indices, at an agreed valuation of.....cents per card (or per volume).

All while contained, etc.

(Attach usual or required clauses.)

NOTE:—Value of card indices range from five to fifteen cents per volume according to the magnitude of the index work.

Sometimes card indices are insured with the following provisions: "It is agreed that the amount of loss on card indices shall be limited to the actual cost of rewriting and/or reproducing cards, but in no case to exceed.....cents per card (or per volume).

If there are some rare books or manuscripts which it is desired to insure at a stated value, a schedule may be prepared similar in form to a painting schedule, naming each article and its value so that it may be identified.

DIVISION V

MERCANTILE BUILDINGS AND THEIR CONTENTS

(Also Mercantile and Office Buildings)

Insurance on this class of property usually covers separately, the building, the store or office furniture and fixtures, and the stock.

Policies covering mercantile property usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Work and Materials; also Powder and Kerosene Oil for sale and Vacancy or Unoccupancy, as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. If occupied in part for dwelling purposes, permit should be given for benzine or gasoline for household use. (See also Special Agreements.)

The forms given are intended for use in insuring any kind of mercantile building, office building, store or office furniture and fixtures, or any kind of mercantile stock, whether wholesale or retail, and of whatever class; some, however, may require additional or special wording or cover to fit specific needs; the permits to be attached may differ somewhat, likewise the clauses or conditions required by local underwriting rules.

MERCANTILE BUILDING AND FIXTURE FORM (Illustration)

\$....On the.....building occupied as.....including additions, adjoining and communicating, foundations, plumbing, steam, gas and water pipes; lighting and heating apparatus and all permanent fixtures, including counters and shelving that are a part of the realty; plate and ornamental glass and fresco work; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in said building, situate.....

\$....On store, workroom and office furniture and fixtures of every description, including partitions, mirrors, tools, utensils and apparatus, floor coverings, shades, stationery and advertising matter and signs, not covered under the building item. All while contained in or on or attached to the above described building and additions adjoining and communicating.

PRIVILEGES.—Permission is given:—For existing communications; for present and other occupancies not more hazardous, and to do such work and use such materials as are usual in such occupancies; for other insurance without notice until required; for mechanics to be employed for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings, or additions, or the enlargement of the premises; to use kerosene oil stoves; to keep for sale not exceeding 25 barrels of kerosene oil; to be vacant not exceeding....., or unoccupied not exceeding.....

(Add usual clauses.)

MERCHANDISE AND FIXTURE FORM

(Illustration)

\$....On stock in trade consisting principally of.....including full and empty packages, boxes, samples, labels and supplies, the property of the insured; and on the interest of the insured in and/or liability for similar property held by the insured on storage, or for repairs, or otherwise, belonging in whole or in part to others; all while contained in or on the.....story.....roof.....building and additions adjoining and communicating, or in show windows, show cases, or on sidewalks around the premises while in process of storage, exhibition and/or delivery, situate.....

\$....On store, workroom and office furniture and fixtures of every description, including partitions, mirrors, tools, utensils and apparatus, floor coverings, shades, stationery and advertising matter and signs; and on awnings and water, gas and electric fixtures, providing same are not insured with the building. All while contained in or on or attached to the above described buildings and additions adjoining and communicating.

PRIVILEGES.—Permission is given:—For existing communications; for present and other occupancies not more hazardous, and to do such work and use such materials as are usual in such occupancies; for other insurance without notice until required; for mechanics to be employed for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings, or additions, or the enlargement of the premises; to use kerosene oil stoves; to keep for sale not exceeding 25 barrels of kerosene oil.

(Add usual clauses.)

[NOTE: The foregoing is considered by the author as one of the best forms in use, making a clear, safe contract with a proper "in trust" clause.]

MERCHANDISE AND FIXTURE FORM*(More Elaborate)*

\$....On merchandise and stock in all stages, including samples, materials, supplies, boxes, labels, cases, packages and tags, the property of the assured, or sold but not delivered or removed, and on property of others, held on storage or for repairs or otherwise, for which the assured may be liable, also for labor performed on same; and

\$....On store, office, workroom and other furniture and fixtures of every description, engines, boilers, setting, machines and machinery, refrigerators, piping, dynamos, motors, connections, shafting, belting, pulleys, counters, shelving, partitions, show cases and figures (inside and outside), pictures, paintings, engravings and their frames, clocks, signs, awnings, mirrors, carpets and other floor covering, shades, stationery and office supplies, fuel, type-writing machines, telephones and connections, gas and electric fixtures, heating apparatus, electric wiring and moulding covering the same, cameras, lenses, patterns, moulds, models, matrices, drawings, designs, wood cuts, lithographic plates and stones, and engravings thereon, stereotypes, half-tones, dies, solutions, photographic negatives, advertising and other printed matter, books, lettering, and iron safes, trunks, tools, implements, scientific and other instruments, apparatus, utensils, appliances, and appurtenances (including improvements and betterments to buildings when buildings are not owned by the assured), and all other property not heretofore enumerated or otherwise insured; all the foregoing mentioned being the property of the assured or leased, or the property of others for which the assured may be liable or responsible; all while contained in, on and under and about the buildings and additions and extensions adjoining and communicating, sidewalks and show cases, situate.....

It is understood that where the buildings above described are owned by the assured that such of the above described property as may be enumerated under the building policies is not covered by this policy.

(Add usual clauses.)

MERCANTILE BUILDING, FIXTURES AND STOCK FORM*(For Use on Either Fire or Tornado Policies)**(Uniformity West)*

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a(state kind of business).....situated.....

This insurance shall also cover under this item, if the property of owner of building, door and window screens and storm doors and windows, belonging to the above described building, while attached thereto or stored therein.

*2 \$. . . . On store and office furniture and fixtures, counters, shelving, show cases, scales, desks, safes, typewriters, cash registers; pictures, paintings and engravings, including their frames, all at not exceeding cost; electrical apparatus, appliances and devices; stoves, signs and awnings (signs and awnings covered under fire policies only); and all other tools, implements, utensils, printed books and supplies incidental to the business; all not belonging to and constituting a permanent part of the building and only while contained in, or attached to, the above described building.

*3 \$. . . . On stock of merchandise consisting chiefly of. and such other merchandise as is usually kept for sale in state kind of business. stores; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building. This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contract with above described building; all only while in transit to and from said building.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

BLANKET FORM

(*Mercantile*)

\$. . . . On all property, both real and personal (including property specifically enumerated in the policy on which liability is required to be specifically assumed, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, or securities), belonging to the insured, or in which the insured has an interest to the extent of such interest, or for which the insured may be liable at the time of fire; also for labor performed or materials expended thereon. All while contained on his premises, occupied principally for purposes, situate.

Attach clauses shown under "Special Agreements" numbered 1, 2, 3, 4, 5, 6, 7 and 8; also Electric or other Lighting that may be required, Mechanics, and Vacancy and/or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local rules.

(See also Blanket Policies.)

COUNTRY STORE FORM

(For Use on Either Fire or Tornado Policies)

(Uniformity West)

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied byas a.....(state kind of business).....situated.....

This insurance shall also cover under this item, if the property of owner of building, door and window screens and storm doors and windows, belonging to the above described building, while attached thereto or stored therein.

*2 \$....On stock of merchandise consisting chiefly of..... and such other merchandise as is usually kept for sale in country stores; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building.

This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contact with above described building; all only while in transit to and from said building.

*3 \$....On store and office furniture and fixtures, counters, shelving, show cases, scales, desks, safes, typewriters, cash registers; pictures, paintings and engravings, including their frames, all at not exceeding cost; electrical apparatus, appliances and devices; stoves, signs and awnings (signs and awnings covered under fire policies only), and all other tools, implements, utensils, printed books and supplies incidental to the business; all not belonging to and constituting a permanent part of the building and only while contained in, or attached to, the above described building.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

JEWELER'S STOCK FORM

\$....On stock, merchandise, materials and supplies of every description, pertaining to their business, their own, or similar property in which they have an interest to the extent of such interest, or for which they may be liable in the event of loss or damage by fire, while contained in the.....building, or show cases on sidewalks connected therewith, occupied as a....., and situate.....

In consideration of the reduced rate at which this policy is issued, the insured guarantees to keep in safes, between the hours of 6 P. M. and 8 A. M. of each day, not less than.....per cent. of the entire value of the property insured under this policy, except that during the month of December the guarantee shall extend from 7 P. M. to 8 A. M., and any loss or damage is to be adjusted on this basis. It is specially agreed, however, that privilege is granted for stock to be out of safes until 10 P. M. for not exceeding 12 nights in any one year for the purpose of inventorying.

(Add usual or required clauses.)

PAWNBROKER'S FORM

\$....On the right and interest of the assured in the articles and stock of merchandise, hazardous and extra hazardous (merchandise in fireproof safes excepted), held in trust or in pledge by said assured as pawnbrokers, including interest accrued thereon as allowed by law.

\$....On the right and interest of the assured in the articles and stock of merchandise, hazardous and extra hazardous, in fireproof safes only, held in trust or in pledge by said assured as pawnbrokers, including interest accrued thereon as allowed by law.

\$....On merchandise, hazardous and extra hazardous, the property solely of said assured.

\$....On furniture and fixtures of every description used in the business of the assured and all attachments thereto, tools, implements, utensils, appurtenances, fitments, stands, figures, pumps, tanks, store, office and factory furniture and fixtures, awnings, safes, partitions, shelving, counters, carpets, typewriters, and attachments, trunks, benches, printed books and stationery, office and factory supplies and signs, all while contained in or attached to the.....building occupied as.....situate.....

This insurance does not protect the interest of parties whose goods are pledged to the assured; nor does it cover the excess of the amount loaned, with its lawful accrued interest, upon any article above the sound value of the same at the time of any fire.

Other insurance permitted without notice until required.

PHOTOGRAPHER'S FORM

\$....On studio, workroom and office furnishings and fixtures of all kinds (except lenses, cameras and appurtenances), including partitions, scenery and screens; pictures (not stock) and mirrors, and their frames; tools, utensils, apparatus and appurtenances; frames used and intended for exhibition purposes, floor coverings, shades, awnings, stationery, catalogs, advertising matter and signs; also show cases on outside of building or on sidewalk immediately adjacent to building; and

\$....On lenses and cameras, and their appurtenances; and

\$....On stock, including plates, films, sensitized paper, mounts, and pictures finished or in process; also negatives (value not to exceed.....cents each);

All while contained in, on or attached to the building situate

This policy shall be held to cover, under the respective items, property belonging to the insured; also the interest of the insured in and/or liability for property of like description held by the insured, whether on storage, or for repairs, or otherwise, and belonging in whole or in part to others.

(Attach usual or required clauses.)

ART DEALER OR ART GALLERY FORM

\$....On store, workroom, office and art gallery furnishings and fixtures of every description, including partitions, mirrors and their frames, tools, utensils, implements and apparatus, frames used for exhibition purposes, floor coverings, shades, awnings, stationery, catalogs, advertising matter and signs; and

\$....On stock consisting principally of pictures, paintings, engravings, drawings, antiques, jewels, sculpture, bronzes, curios, bric-a-brac, objects of virtu, clocks, china, porcelain, furniture, rare books and manuscripts, articles of art and/or ornament and other merchandise pertaining to the insured's business as art dealer (or, "pertaining to an art gallery"), but this item shall not cover property that is the subject of more specific insurance; and

\$....On the following described property, it being agreed that the amount stated opposite each article shall, for the purpose of this insurance, be considered the value thereof:

\$....On portrait in oils, "The Bishop," by Walter Satterlee.

\$....On picture, "Dancing Fauns," by F. Luis Mora.

\$....On a Chippendale chair for salon.

(The list may be continued as desired.)

All while contained in, etc.

It is understood and agreed that any floating or excess insurance shall not be held as contributing insurance with this policy.

(Attach usual or required clauses.)

OFFICE BUILDING FORM

\$....On the.....building, occupied for.....purposes, including additions and extensions adjoining and communicating, plumbing, steam, hot water, gas, water, or other piping; lighting, heating, ventilating, elevating, or other building apparatus, and all other permanent fixtures that are a part of the realty and/or pertain to its service for the purposes intended as above described; plate glass, frescoes, decorations, signs and lettering, flag poles,

fences, gratings and similar appurtenances; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in said building. Situate.....

This policy shall also cover personal property of the following kinds belonging exclusively to the insured hereunder, as building landlord and not as tenant, and in actual use solely for the furnishings or service of said building, viz.: floor coverings of public halls and stairs, window shades, tools, utensils, fuel, materials and supplies and employees' uniforms.

(Add usual clauses.)

OFFICE CONTENTS FORM

\$....On the furnishings, fixtures, apparatus and equipment of the insured's office, including the articles mentioned in the policy on which liability is required to be specifically assumed. All while contained in, on or attached to the.....building and additions and extensions adjoining and communicating, occupied forpurposes, situate.....

(Add usual clauses.)

OFFICE CONTENTS FORM

(More Elaborate)

\$....On office furniture, fixtures and equipment of every description, including partitions, divisions, counters, shelving, show-cases, cabinets, floor coverings, interior telephones, cash carrying or registering systems, movable wiring or piping, tools, implements, utensils, office machines, stationery, advertising matter, price lists, postage, supplies, safes, signs, awnings, screens or storm sash and doors, merchandise samples and packages for or containing same, and all other equipment, apparatus and appurtenances pertaining to the office even though not specifically mentioned; all while contained in, on or attached to the.....building and additions adjoining and communicating, occupied for.....purposes, situate.....

(Add usual clauses.)

TITLE COMPANY FORM FOR INSURING RECORDS

\$....On abstracts, records of title, maps, and such other title records and references as constitute their Title Plant, while contained in a so-called fireproof record room on the.....floor of the building, and situate.....

\$....On property as above described, while contained in the above described building outside of fireproof record room above referred to.

In the event of loss, no claim is to be made in excess of the amount of the actual cost of the labor required to reproduce the

damaged property, and the blank books and stationery upon which the said records are reproduced.

FORM FOR INSURING THE RECORDS OF A TAX BOARD, LAND COMMISSION OR OTHER SIMILAR BODY

\$....On manuscripts and maps comprising details and summarized records of material in and value of the property of the, completed and in process of completion, including the value of all work performed upon and in preparation of the same and cost of surveys, all while contained in the brick and stone building, situate.....

In event of loss no claim shall be made for value in excess of the actual cost of reproducing the manuscripts or other records damaged or destroyed.

COMMERCIAL AGENCY FORM

\$....On binders, files, cases, portfolios, drawers, tables, racks, or other receptacles, together with their contents, said contents consisting of records and reports of the agency, concerning the business standing of merchants and others.

It is understood and agreed that this policy does not cover the cost of obtaining the information contained in said records and reports, but shall include the cost of reproducing them from like records and reports preserved in other offices of the agency.

All while contained in, etc.

(Attach usual or required clauses.)

TELEPHONE RISKS—(Contents)

(S. E. U. A.)

\$....On telephone contents, consisting chiefly of machines and machinery of every description, appliances, apparatus, equipments, appurtenances, spare and duplicate parts, stock, materials and supplies of all kinds, tools, implements and utensils, models, patterns, dies, drawings, scientific apparatus, office and other furniture and fixtures of every description, pictures, safes, awnings, signs, books and stationery of whatever kind or description, vehicles, horses and mules (not exceeding \$300 on any one animal), their own, or held in trust or on commission, or sold but not removed, or on storage or for repairs, or leased or held on joint account or the property of others for which the assured may be liable, all only while contained in or on or attached to, and/or on or under the sidewalks, or in or on or about the premises of thestory.....building, with.....roof and extensions or additions thereto, while occupied by.....as.....situated No.....on the.....side of.....Street, Block No....., in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

It is understood and agreed that in case of any loss or damage by fire, the assured is at liberty to make immediately all necessary repairs, notice of such loss to be given to this Company without delay.

Permission for other insurance; to use the premises as at present and for other purposes not more hazardous; to keep and use all articles and materials in such quantities as are necessary for their business; to make ordinary additions, alterations and repairs, the same to be covered by this insurance; to run at all hours and to cease operations for ninety days without notice; to use electricity, natural gas, coal and kerosene oil for lighting and motive power.

This policy shall not be invalidated by reason of any mortgage or bond issue.

LIGHTNING AND DYNAMO CLAUSE.—This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term "lightning" and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured nor the interest of the assured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, that if there shall be any other insurance on said property, this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

This policy does not cover any loss or damage to dynamos, switch-boards or other electrical machinery, apparatus or connections, caused by electric currents, whether artificial or natural, unless fire ensues, and then for the loss by fire only.

In consideration of the rate at and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that this company shall be held liable for no greater proportion of any loss than the amount hereby insured bears to 80 per cent of the actual cash value of the property described herein at the time when such loss shall happen; but if the total insurance upon such property exceeds 80 per cent at the time of such fire, then this company shall only be liable for the proportion which the sum hereby insured bears to such total insurance. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

STANDARD TIME CLAUSE.—It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

DIVISION VI

HOTELS, CLUBS AND BUSINESS STABLES, AND THEIR CONTENTS

Insurance on these classes usually covers the building separately from contents, with such further division of the latter as may be desired, or as may be required by local underwriting rules.

The policies usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stoves, Mechanics, Work and Materials; also Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. Permit is often given for benzine or gasoline for cleaning purposes. The business stable should have the automobile permit if any motor driven vehicles are permitted therein. (See also Special Agreements.)

HOTEL BUILDING FORM (Illustration)

\$....On the.....building, occupied principally for hotelpurposes, including additions adjoining and communicating, plumbing, steam, gas, water, or other piping; lighting, heating, ventilating, elevating, refrigerating, or other building apparatus, fixtures and machinery, and all other permanent fixtures that are a part of the realty; plate glass, frescoes and decorations, signs and lettering, flag poles, fences, gratings and similar appurtenances; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in said building. Situate.....

\$....On hotel, restaurant and other furniture, fixtures, furnishings and equipment of every description, including the articles enumerated in the policy on which liability is required to be specifically assumed, wearing apparel, liveries, canes, umbrellas, bags, trunks and jewelry, and all other personal property pertaining to the operation of a hotel, belonging to the insured or for which the insured is legally liable at the time of fire, but this item shall not include property covered under the building item or under the stock item; all while contained in, on or attached to the above described building.

\$....On stock of bottled water and soft drinks, cigars and other smokers' materials or equipment, provisions, supplies and stores, while contained in the above described building.

(Add usual or required clauses.)

STANDARD SEASON HOTEL OR BOARDING HOUSE FORM

(*New York*)

\$....On the.....story.....building and additions, withroof.....including all permanent fixtures belonging thereto while therein or thereon, situate No.....on the..... side of.....Street, in....., County of....., N. Y., while occupied as a summer hotel or boarding house with not to exceedguest rooms and not to exceed.....guests or boarders. This insurance also to cover awnings, door and window screens, storm doors and windows, belonging to the building, in place or stored in the above building or in the outbuildings on the premises.

\$....On household and personal property of every description such as is usual or incidental to a boarding house or hotel, belonging to the assured (including drawings and manuscripts, at not exceeding cost, but excluding articles specifically insured), all while contained in the above described building.

\$....On the.....story.....building and additions, withroof, while occupied for.....purposes, including all permanent fixtures thereto while therein or thereon, situate on the above described premises.

\$....On vehicles of every description, harness and other vehicle equipment, hay, grain, straw, feed, barn and garden tools, while contained in the above described building, but the insurance under this item does not cover household furniture or merchandise on storage, automobiles, motorcycles or parts thereof, and the storage and use of motor vehicles is prohibited unless special permission therefor is endorsed hereon.

\$....On live stock, in case of loss no one horse to be valued to exceed the sum of \$...., no one cow to exceed the sum of \$...., no one.....to exceed the sum of \$....while contained in the above described building.

This company shall be liable only for loss or damage to the property described in items having the amount of insurance thereon filled in, and if no amount is named in any one or more of the above items, no liability for loss or damage to property described in such item or items is assumed.

All buildings hereby insured, or containing the property insured, have none other than chimneys or flues constructed of brick or stone (if built of stone they have flue linings) built from the ground or from a living room and not from an attic, and all smoke pipes enter chimneys or flues unobstructed from view at a point below the attic, *except as follows:.....*

LIMITATION WARRANTY

In consideration of the reduced rate at which this policy is written, it is a condition of this insurance that the insured warrants that the number of guest rooms and guests or boarders as described in this policy will not be exceeded.

(Attach usual clauses.)

HOTEL OR BOARDING HOUSE AND CONTENTS
FORM

(For Use on Either Fire or Tornado Policies) .

(*Uniformity West*)

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures and elevators belonging to and constituting a part of said building; occupied as.....situated.....

This insurance shall also cover under this item, if the property of owner of building, door and window screens and storm doors and windows, belonging to above described building, while attached thereto or stored therein.

*2 \$....On hotel or boarding house furniture, fixtures and furnishing material, useful and ornamental; printed books and music; piano stool and cover; piano and other musical instruments; mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; wearing apparel and jewelry in use; silver and plated ware, crockery, glassware and cutlery; wines, liquors and cigars; bar furniture and fixtures; supplies, provisions and fuel; laundry machinery and apparatus; electrical apparatus, appliances and devices; tools, implements and utensils used in their business; signs and awnings (signs and awnings covered under fire policies only); all only while contained in, or attached to, the above described building.

This insurance does not cover the property of guests or employees.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

HOTEL FURNITURE AND FIXTURES FORM

(*Owner or Tenant*)

\$....On hotel, restaurant, bar room and other furniture, fixtures, furnishings and equipment of every description, useful and ornamental, including beds, bedding, linen, plate, plated ware, china, crockery, glassware, cutlery, pianofortes and other musical instruments, pictures, paintings, engravings, and their frames, statuary, articles of virtu, printed books and music, wearing apparel, canes, umbrellas, jewelry in use, carpets, rugs, linoleum, curtains, dra-

peries, fixed and movable decorations, natural and artificial plants, shades, awnings, screens, mirrors, chandeliers, gas and electrical fixtures, gas piping, electric wiring, fans, cash registers, adding machines, typewriters, sewing machines, iron safes, pool and billiard tables and appurtenances, storm doors, lamp posts, signs, electric signs and connections, annunciators and connections, office furniture and fittings, stationery, advertising matter, ranges, kitchen utensils, engines, boilers, pumps, heating, lighting, ventilating and fire extinguishing apparatus, ice making and refrigerating plant and apparatus, kitchen, dynamos, motors, machines, machinery, foundations, connections, settings, shafting, belting, pulleys, hangers, pipes, piping, tanks, and all other fixtures, appurtenances, apparatus, appliances, utensils, implements and tools, all belonging to the insured, or for which the insured may be legally liable, and

\$....On stock consisting principally of bottled water, soft drinks and smokers' materials and equipment, provisions, fuel, supplies and stores; all while contained in, on or attached to the..... building and additions adjoining and communicating, situate.....

(Attach usual or required clauses.)

CLUB HOUSE AND CONTENTS FORM

(City or Country)

\$....On thebuilding, occupied as a.....including additions and extensions adjoining and communicating, plumbing, steam, hot water, gas, water, or other piping; lighting, heating, ventilating, elevating, refrigerating, or other building apparatus; squash courts, bowling alleys, shuffle boards, lockers and other similar property built in or permanently attached to the building, also all permanent fixtures that are a part of the realty; plate glass, frescoes and decorations; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in the building, situate.....

\$....On club house furniture, fixtures and equipment of every description, useful and ornamental, including pictures, paintings and engravings and their frames, mirrors, floor and room furnishings and fittings, sporting and athletic paraphernalia, prizes and trophies, casts, curiosities, jewels, manuscripts, medals, signs, sculpture, office furniture and fixtures, property held on storage or for repairs for which the club is liable, and all other property belonging to the club, or for which the club may be liable; but this item shall not include property that is insured under the building item, nor under the supplies item. All while contained in or on the above described building.

\$....On club supplies and stores of food and drink, including tobacco and smokers' articles in all forms, while contained in the above described building.

\$....On the.....building, (as defined in the first item), occupied as a.....situate.....

\$....On contents (as defined in the second item).

NOTE:—The form may be continued similarly to cover any other property.

Permission granted for the use of premises and to do such work and use such materials as are usual to clubs.

(Add other usual or required clauses.)

LIVERY AND BUSINESS STABLE FORM

\$....On the.....building and additions adjoining and communicating, and all permanent fixtures attached to and forming part of the realty, including signs and awnings, while occupied for.....purposes and situate.....

\$....On horses contained therein or in yards immediately adjacent thereto; (limit on any one horse not to exceed \$....).

\$....On vehicles of all kinds (excluding motor driven vehicles), horse and vehicle equipment, medicines, liniments and lubricants, liveries, barn tools and apparatus, and office furniture and fixtures, while contained therein.

\$....On hay, straw, bedding, grain and feed of all kinds, while contained therein.

This policy shall cover property described in the third item while temporarily outside the buildings, but on the premises, while being cleaned, aired or dried.

(Attach usual or required clauses.)

LIVERY STABLE AND CONTENTS FORM

(For Use on Either Fire or Tornado Policies)

(Uniformity West)

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a livery, sale and feed stable, situated.....

*2 \$....On vehicles (not including sleighs), buggies, carriages, wagons, and such rolling stock usually contained in livery stables (excluding automobiles and motorcycles), all only while contained in the above described building.

*3 \$....On horses and mules, in case of loss this company will not be liable for more than (or in case of other insurance for more than its pro rata proportion of) \$250 on any one horse or any one mule, nor in any case for more than the actual cash value of the animal damaged or destroyed, only while contained in above described building, and provided this form is attached to a fire policy, against loss by lightning while on or off the premises.

*4 \$....On hay, grain and feed; sleighs, harness, blankets, robes, whips, lamps, lanterns, tools, implements and supplies; electrical apparatus, appliances and devices; signs and awnings (signs and awnings covered under fire policies only); office furniture, fixtures and supplies; all while contained in, or attached to, the above described building.

*5 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

LODGE OR SOCIETY FURNITURE FORM

\$....On their lodge (society) furniture and fixtures, banners, badges, regalia, paraphernalia, screens, partitions, office furniture and supplies, awnings, casts, curiosities, drawings, dies, implements, jewels, manuscripts, medals, pictures and their frames, signs and sculpture, including personal property for which the lodge (society) may be liable in case of loss or damage by fire; together with improvements and betterments to the building when not covered under the building insurance, all while contained in or on or attached to the.....building, occupied for.....purposes, situate.....

(Attach lightning and other clauses necessary.)

LODGE FURNITURE AND FIXTURES FORM

(Uniformity West)

*1 \$....On lodge furniture, fixtures, furnishings and equipment, including desks, safes, typewriters, tables, chairs, cases, cabinets, tools and implements; signs and awnings (signs and awnings covered under fire policies only); stereopticon and attachments, including slides used in connection therewith; phonographs, graphophones, records, printed books, music and music rolls; pianos and other musical instruments (excluding organ with operating motor); mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; carpets, rugs, linoleums, mattings, floor coverings, window and door shades, curtains and portieres; lamps, stoves and heating devices; china, glassware, crockery, silver plate and plated ware; costumes, robes, paraphernalia and regalia and all other articles, materials and supplies usual to lodges of secret and fraternal organizations; their own or held by them in trust, or the property of others for which they may be legally liable; all only while contained in, or attached to, the.....story.....roof.....building, situated.....

*2 \$....On organ with operating motor, only while contained in the above described building.

*3 \$. . . . On assured's interest in improvements to the building, consisting chiefly of all only while contained in, or attached to, the above described building.

*4 \$. . . . On

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

DIVISION VII

ELEVATORS, WAREHOUSES, COLD STORAGE HOUSES AND THEIR CONTENTS

Insurance on this class of property usually covers, separately, the building and stock therein. In some sections a separation of the machinery is required also.

Policies covering such property usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Work and Materials; also Cease Operations and Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. (See also Special Agreements.)

The forms given are intended for use in insuring any risk of these respective classes, though some will require additional or special wording or cover to fit specific needs.

Goods in Bond:—There is usually no reason for including the U. S. Internal Revenue Tax nor the U. S. Customs Tax in the insurance on goods in bond, for the government does not require payment of such taxes in case of fire unless the goods are removed, in which case the payment of the tax would be a part of the expense of salvage. If the tax has been paid, it is the practice of the government to refund same on proof that the goods have been destroyed by accidental fire. Sometimes the following conditions are included in the policy form when insuring imported goods held in bond:—

“It is understood and agreed that the Custom House duties payable to the U. S. Government on property covered by this policy shall not be considered as part of the value insured in event of loss or damage. It is also understood and agreed that on demand of this Company, in event of loss, the insured shall, ‘to protect the property from further damage,’ prompt-

ly pay all government duties, warehouse and other charges necessary for the purpose of removal of said merchandise to such other location as may be designated by this Company."

ELEVATOR BUILDING FORM

(Illustration)

On the elevator building and additions, known as.....Elevator, together with all appurtenances thereunto belonging, including towers, docks, legs, wharves, foundations, tanks, plumbing, heating, lighting, elevating, steam, gas, water and electrical equipments, apparatus and appliances, and all other property of every kind and description belonging to said building or buildings, or to the operation of the same, and on all the contents thereof, and on all property of every kind and description in or upon said property or building, or adjacent thereto, belonging to or used by said Elevating Company in or on its said property or buildings or in the operation of the said elevator, including machinery, machines, shafting, belting, wiring, pulleys, hangers, transmission ropes, stores, supplies, elevator buckets, tools, awnings, signs, implements, apparatus, utensils, office and other furniture and fixtures.

It is understood and agreed that grain or other stock in trade which may be kept in said elevator, piling and foundations below the mean water level, and property belonging to others on which there may be specific insurance are not covered by this policy.

All of the above described property situate or located on land owned by assured on the.....

PERMISSION GRANTED TO

Have or procure additional insurance.

Work and run machinery at all times.

Cease operations for not to exceed 60 days at any one time.

Do such work and use such materials as are usual in the business of grain elevator as conducted by the assured.

Employ mechanics for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings or additions, or the enlargement of the premises and nothing herein shall be held to void any privileges granted in the printed conditions of this policy.

(Add other necessary or required clauses.)

ELEVATOR BUILDING AND GRAIN FORM

(Uniformity West)

(For Use on Either Fire or Tornado Policies)

On the following described property, all situated.....

*1 \$....On the.....roof.....elevator building, including foundations, plumbing, electric wiring and stationary heating,

lighting and ventilating apparatus therein, and all permanent fixtures belonging to and constituting a part of said building; also fixed and movable machinery, electrical or otherwise, shafting, pulleys, belting, spouts, scales, elevators, tools, office furniture, fixtures and supplies; all only while contained in the above described building, known as the.....Elevator.

*2 \$....On the.....story.....roof.....engine and boiler house building, including foundations, plumbing, electric wiring and all permanent fixtures belonging to and constituting a part of said building.

*3 \$....On engines, boilers, fixed and movable machinery, electrical or otherwise, pumps and connections belonging thereto, all only while contained in above described.....

*4 \$....On grain and seeds, including bags; and provided the assured is legally liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not delivered; only while contained in the above described elevator building or in cars within 100 feet thereof.

*5 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

No smoking shall be permitted (except in office) and no open lights (except cold blast tubular watchman's lanterns) shall be used in the above described elevator building.

(Attach usual clauses.)

ELEVATOR BUILDING AND GRAIN FORM

(For Other Than Terminal Elevators)

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

On the following described property, all situated.....

*1 \$....On the.....power.....roof.....elevator building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus therein, and all permanent fixtures belonging to and constituting a part of said building; also engines, boilers, fixed and movable machinery, electrical or otherwise, pumps and connections belonging thereto; shafting, pulleys, belting, spouts, scales, elevators, tools, office furniture, fixtures and supplies; all only while contained in the above described building, known as the.....Elevator.

*2 \$....On the.....story.....roof.....engine and boiler house building, including foundations, plumbing, electric wiring and all permanent fixtures belonging to and constituting a part of said building.

*3 \$....On engines, boilers, fixed and movable machinery, elec-

trical or otherwise, pumps and connections belonging thereto, all only while contained in above described engine and boiler house building.

*4 \$....On grain, seeds, beans, peas, flour, feed, meal, stock food, salt, lime, cement, coal, wool, including bags and sacks, and such other merchandise as is usually kept in grain elevators (except hay and straw unless specifically mentioned); and, provided the assured is legally liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not delivered; only while contained in the above described elevator building or in cars within 100 feet thereof.

*5 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

GRAIN IN ELEVATOR, OWNERS (OR LESSEES) FORM

On grain of every kind and description, including freight, back charges, charges, advances, liens and claims thereon, not to exceed in gross the actual market value in.....their own or in their custody as care parties, forwarders, carriers, in trust, on commission, on consignment, on account, joint account, or otherwise, or sold but not delivered, and delivered but not paid for, or which the assured or any of them, shall elect to cover hereunder, unless otherwise specifically insured, contained in the.....situate.....

Notice from the assured within 60 days from date of loss to be binding on insured and insurer as to what grain is covered hereunder.

Nothing herein shall be held to make the insurer hereunder liable for contingent or consequential loss or liability of any kind.

Privilege to make alterations and repairs, to effect other insurance, to operate day and night, or to be closed indefinitely without prejudice to this policy.

100% Average Clause 5% Waiver.

Lightning Clause.

Electrical Permit.

(Add other necessary or required clauses.)

CHARGES ON GRAIN FORM

(*Special*)

On "Charges" on grain and seeds of all kinds, their own or held in trust or on commission, or sold but not delivered, if in case of loss the assured is legally liable therefor: while contained in.....

The term "Charges" as used herein is intended to and does hereby cover and include the following, viz.:

1. Receiving, handling, storage and delivery charges, consisting of $1\frac{1}{2}$ cents per bushel, for each and every bushel of grain and seeds, contained in said buildings and an additional one-thirtieth of one per cent per bushel for each day or fractional part thereof, following the fifteen days next after the receipt of the grain until the date of the fire.

2. Carrying charges as owners, vendors, and, or, warehousemen on said grain and seeds, to be ascertained by deducting the cash market price thereof on the day of and at place of fire from the price of an equal amount of grain and seeds for such future delivery at any market which the assured may select from the closing market quotations therefor on the day of fire, also all other established profits (if any) on existing contracts or sales including commissions and advance freight charges.

3a. Excess of price (if any) which the assured shall pay, over and above the said market price for future delivery selected for settlement of carrying charges above named, in purchasing on the first market day after the fire an equal amount of like grades of grain and seeds for the same future delivery.

3b. Excess of price (if any) which the assured shall pay over and above the cash value on day of fire in purchasing an amount, of like grades and quality, equal to that damaged or destroyed, and under either "3a" and "3b" or both, such additional sums (if any) as the assured may be required to pay or assume in liquidation of damages or penalties incurred through the inability, of assured to obtain like quantities and or grades and or qualities with which to fill any contracts for future delivery of grain or seeds, existing at date of fire.

4. The increased values (if any) of grain and seeds which the assured could have produced by cleaning, handling and improving the qualities or grades of said grain and seeds over and above their condition at the time of fire, as evidenced by what has already been done by the assured per assured's books and records, less the cost and expense of improving said grades.

5. Loss of fire insurance premiums on policies surrendered on account of fire, and covering on "Charges" and on said grain and seeds and on said buildings at the time of fire, which loss shall be the total pro rata premiums on all said policies, computed on each policy from the day of fire to the expiration of such policy.

6. Interest at the rate of six per cent per annum on the amount of loss by fire, for the period of time from the date of fire to the expiration of sixty days from date of accepted proofs of loss on the said grain and seeds, buildings and charges.

In case of loss the price of grain and seeds for future delivery

shall be determined by the officially published market quotations of any market selected, provided: that if fire occur on any market holiday or Sunday, the closing market price of last preceding market day shall govern.

Other insurance permitted.

GRAIN FORM

(Terminal Elevators)

(For Use on Either Fire or Tornado Policies)

(Uniformity West)

\$....On grain and seeds, including bags; and, provided the assured is liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not removed, only while contained in the.....power elevator building, or in cars within one hundred feet thereof, known as the.....Elevator, situated.....

LOSS PAYABLE CLAUSE

Loss, if any, to be adjusted with original assured named herein, and payable to assured or order hereon with the return of this contract. In event of sale and delivery of any property insured hereunder, this contract will remain in full force and effect for the sole use and benefit of the purchaser of any property covered by this contract until 12 o'clock noon of the next business day succeeding the delivery of the property (only payment in full by check or otherwise, and delivery of warehouse receipts shall constitute a delivery as above described), but from and after that time this contract shall be void as to any person claiming thereunder, except the original assured, for whom it shall continue in force as heretofore, covering other property as herein described.

(Attach usual clauses.)

(Elevators—Other Than Terminal)

(For Use on Either Fire or Tornado Policies)

(Uniformity West)

\$....On grain, seeds, beans, peas, flour, feed, meal, stock food, salt, lime, cement, coal, wool, including bags and sacks, and such other merchandise as is usually kept in grain elevators (except hay and straw unless specifically mentioned); and provided the assured is legally liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not delivered; all while contained in the.....power.....roof.....elevator building, or in cars within 100 feet thereof, known as the.....Elevator, situated.....

(Attach usual clauses.)

GRAIN IN ELEVATOR

(Open Policy Form)

On any and all grain, seed, flour, malt, and other merchandise of every kind and description, including freight, back charges, charges, advances, lien and claims thereon, not to exceed in gross the actual market value in.....their own or in their custody as warehousemen, forwarders, carriers, in trust, on commission, on consignment, on account, joint account, or otherwise, or sold but not delivered and delivered but not paid for, unless otherwise specifically insured, provided that the insurance hereunder has not been terminated, contained in such elevators or in cars on tracks alongside thereof, or adjacent thereto or at such other places as may be designated in the City of.....for such amounts and at such premiums as may be named in certificates issued hereunder or entered in open policy books kept therefor. In event of a certificate being issued, the same shall not be deemed to be for additional insurance to the amount entered in open policy book.

All risks shall commence at the hour of their acceptance from the assured by the agents of this company and shall terminate at the hour of acceptance of notice of cancellation from the assured by said agents and shall not be binding or of effect beyond such time.

Whenever the interest of a common carrier is insured hereunder this policy shall extend to cover the assured as named herein, as owners or as agents, or for the benefit of the owners of said property or for those entitled to the possession thereof. Notice within 60 days from date of loss, from the assured, to be binding upon the assured and the assurer as to who, in addition to the assured, was insured hereunder. Provided, however, that if any of the property insured shall have also been insured by the owner, agent or other person, loss or damage, if any, shall be paid thereunder only to the extent of the excess of such loss or damage over the amount of the adjusted liability under the insurance taken out by the owner, agent, or other person last above referred to, it being the purpose of this insurance to cover the liability in full of the assured as warehousemen, forwarders, carriers, trustees or agents, not exceeding the amount hereby insured, nor the actual market value of the property insured in....., at the time of fire, and nothing herein shall be held to make the assurer hereunder liable for contingent or consequential loss or liability of any kind.

Whenever contingent or conditional insurance shall be accepted under this policy, it is agreed by the assured hereunder that the same shall be construed and be Excess Insurance only, and that such insurance shall not contribute with any insurance regularly created and actually existing, but shall be liable only for its pro rata proportion, not exceeding the amount insured, for the value of such merchandise as may be in excess of the total amount of

all insurance actually existing and regularly bound, which excess only shall be deemed to be covered under this policy.

Privilege to make alterations and repairs, effect other insurance without notice until required, to operate day and night, or to be closed indefinitely without prejudice to this policy.

All entries hereunder covering in steel or fireproof elevators or tanks are subject to the 100% Average Clause attached hereto and all other entries are subject to the 80% Average Clause attached.

Lightning Clause.

(Add other usual or required clauses.)

OPEN POLICY ON MERCHANDISE IN WAREHOUSE

(Issued to Operator of Warehouse)

The liability under this policy shall be limited to such amounts and shall be in effect for such periods as may be shown by the separate entries made in the Open Policy Book attached hereto.

On merchandise of all kinds, including packages, the property of the insured; and on the interest of the insured in and/or liability for similar property held on storage, or for repairs, or otherwise, and belonging in whole or in part to others, while contained in the.....building, or while temporarily on platforms, sidewalks, trucks and cars alongside, in process of loading or unloading, situate.....

No risks under this policy shall be binding until accepted by, agents of this Company at.....

All risks shall commence from the time of their acceptance by the agents of this Company and shall terminate at the time of cancellation by said agents and shall not be considered binding or in force beyond such time of cancellation.

It is mutually understood and agreed that this policy does not cover property which is specifically insured.

Other insurance permitted.

80% Coinsurance clause attached.

Lightning clause attached.

Electric light clause attached.

(Consequential Damage Clause if Cold Storage.)

CERTIFICATE OF INSURANCE*(For the Insured Under Open Policy)*

Amount **Example Insurance Co.** Subject to
 Rate
 Premium **NEW YORK**
19....

This Certifies Thatha...
 insurance by this Company against loss or damage by fire
 under Policy No.....Entry No.....
 issued through its agency at.....,
 to the amount of.....Dollars,
 on
 terminating.....day of.....19., at noon.

Loss, if any, in conformity with the conditions of said
 Policy, to be adjusted with.....
 and payable to.....
 only on presentation of and surrender of this Certificate.

Not valid until countersigned by the authorized agent
 at

.....
 President or Manager.

Countersigned at.....this.....day of.....19....
Agent

COLD STORAGE BUILDING FORM

\$....On the.....building, occupied for.....purposes, in-
 cluding additions and extensions adjoining and communicating,
 heating, lighting, water or other circulating piping and fixtures,
 ventilating, elevating and plumbing apparatus and fixtures, boilers,
 engines, dynamos, ice and refrigerating machines and machinery
 and tools and appurtenances pertaining thereto, and all other ap-
 paratus and fixtures used for the service of the building for the
 above described purposes, including office equipment, advertising
 matter, signs and awnings therein, thereon or attached thereto,
 situate.....

Permission granted to cease operations during customary seasons, and to do such work and use such materials as are customary in such plants.

(Add usual and required clauses.)

NOTE:—It is customary to require that a consequential damage clause be made a part of the contract, the following forms being widely used:

CONSEQUENTIAL DAMAGE CLAUSE.—(To be attached to all policies covering on merchandise, stocks or products, in houses artificially cooled.) This policy does not cover, and this Company shall not be liable for any indirect or consequential loss or damage, including loss or damage caused by change of temperature resulting from, occasioned, or caused by the total or partial destruction by fire or lightning, of the refrigerating or cooling apparatus, connections or supply pipes, nor by the interruption of the refrigerating or cooling processes from any cause.

CONSEQUENTIAL DAMAGE CLAUSE.—This insurance is against only direct loss or damage by fire, and does not cover any loss or damage caused by change of temperature resulting from the total or partial destruction or disablement by fire or lightning of the cooling or other apparatus, connections or supply pipes, nor by the interruption of the cooling or other processes from any cause.

CONSEQUENTIAL DAMAGE CLAUSE.—(Liability assumed.) This insurance being otherwise against only direct loss or damage by fire, in consideration of \$....additional premium, this Company also assumes liability (not exceeding the amount of this policy remaining after the liability of this Company for any direct loss or damage has been determined) for any loss or damage to the property described while contained in the above-named building, caused by change of temperature, resulting from the total or partial destruction or disablement of the cooling apparatus, connections or supply pipes, by fire occurring in the above-described building, or in any other of the following buildings:

(Here name the location of the refrigerating plant and any other building through which the supply pipes pass, and which, if burning, might disable them.)

COLD STORAGE MERCHANDISE FORM

(Operator's Insurance)

\$....On merchandise in bulk or in packages and packages containing same, also on stock of ice and on stock of packages of all kinds including cooperage stock, the property of the insured or held in trust or on commission, or sold but not delivered or removed, or on storage for others for which the insured may be legally liable, together with all accrued charges, advances, liens and claims thereon but this policy shall not cover contents of fire-

proof safe, nor property upon which the insured has disclaimed liability to parties for whom it is held, nor for which the insured is not liable in case of loss, nor property belonging in whole or in part to others and separately or specifically insured; all while contained in the.....building occupied principally for cold storage purposes, situate.....

In the event of there being specific insurance on any of the property as above described, this insurance shall apply only for such an amount as the actual value of the said specifically insured property, including in addition, liens, advances, freight, storage and/or other accrued charges thereon, exceeds the amount of said specific insurance as adjusted and then shall apply only after the said specific insurance is exhausted.

It is understood that this insurance shall not be invalidated by any pledge of the property as collateral or by any encumbrance thereon.

(Attach consequential damage clause and other usual or required clauses.)

COLD STORAGE MERCHANDISE FORM

(Insurance in Name of Operators)

\$....On merchandise and packages therefor, belonging to the insured, or for which the insured may be liable and on which the insured has issued certificates of insurance; also all accrued charges, advances, liens and claims on such merchandise, and on any other interest of the insured in merchandise to the extent of such interest, all while contained in the.....building and additions adjoining and communicating, occupied principally for cold storage purposes, situate.....

It is understood and agreed that this policy attaches only to goods not more specifically insured.

In case of loss, adjustment to be made directly between the parties for whom the goods are held and the insurers.

Loss, if any, payable to.....or order hereon; and this policy shall not be void on account of any pledge of the property as collateral.

This insurance being otherwise against only direct loss or damage by fire, in consideration of \$.....additional premium, this Company also assumes liability (not exceeding the amount of this policy remaining after the liability of this Company for any direct loss or damage has been determined) for any loss or damage to the property described while contained in the above named building, caused by change of temperature, resulting from the total or partial destruction or disablement of the cooling apparatus, connections or supply pipes, by fire occurring in the above described buildings, or in any other of the following buildings.....

(Attach other usual or required clauses.)

CONSEQUENTIAL LOSS AND DAMAGE FORM NO. 1

(Single Source Equipment)

(Uniformity West)

\$....Against consequential loss or damage to stock of merchandise consisting principally of.....only while contained in the.....story.....roof.....building occupied as a.....situated.....

The following provisions are also made a part of this insurance:

1—That this company shall be liable only for such loss or damage to the property insured, not exceeding the sum insured under this policy, nor the interest of the assured in the property, as may be caused by change of temperature resulting from the total or partial destruction by fire, or by lightning (as provided in the Consequential Loss and Damage Lightning Clause incorporated herein), of refrigerating or cooling apparatus, connections or supply pipes, or by the interruption by fire, or by lightning (as provided in the Consequential Loss and Damage Lightning Clause incorporated herein), of refrigerating or cooling processes, in the above described building, or any of the following buildings:(here give the location of the refrigerating plant, or any other buildings through which the supply pipes, connections, or other apparatus pass, and which if destroyed or damaged by fire or lightning might disable them).....

2—That the liability assumed by this company hereunder shall be only such proportion of the actual loss and damage hereunder as the amount insured under this policy bears to the total value of the property insured hereunder.

CONSEQUENTIAL LOSS AND DAMAGE LIGHTNING AND ELECTRICAL EXEMPTION CLAUSES

CONSEQUENTIAL LOSS AND DAMAGE LIGHTNING CLAUSE.—Except as provided in the Consequential Loss and Damage Electrical Exemption Clause incorporated herein, this policy shall cover such consequential loss or damage (as defined in this policy) to the property insured hereunder, not exceeding the sum insured under this policy, nor the interest of the assured in the property, as may be caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to mean cyclone, tornado or wind-storm), and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other consequential loss or damage insurance on said property, this company shall be liable only pro rata with such other insurance for any consequential loss or damage by lightning, whether such other insurance be against consequential loss or damage by lightning or not.

CONSEQUENTIAL LOSS AND DAMAGE ELECTRICAL EXEMPTION CLAUSE.—It is a special condition of this insurance that this company shall not be liable for any consequential loss or damage (as defined in

this policy) to the property insured hereunder caused by change of temperature resulting from damage to dynamos, excitors, lamps, switches, motors and other electrical appliances or devices, caused by electrical currents whether artificial or natural (including lightning).

CONSEQUENTIAL LOSS AND DAMAGE FORM NO. 2

(Two Source Equipment)

(*Uniformity West*)

This form is the same as the foregoing, with the addition of the following provision:

That, in consideration of the reduced rate of premium charged, there shall be maintained at least two separate and complete plants for furnishing refrigeration, both being under the control of the owners or lessees of the building containing the property insured, to be kept in readiness at all times for instant use, and each of sufficient capacity to answer all demands should one refrigerating plant be damaged or destroyed.

COLD STORAGE MERCHANDISE FORM

(*Outside Parties*)

\$....On merchandise and packages therefor, belonging to the insured, or in which the insured has an interest to the extent thereof, or for which the insured may be liable, while contained, etc.

(Attach usual or required clauses.)

FUR STORAGE FORM

\$....On furs, fur garments and other property held on storage or for repair and on the value of labor performed or materials expended thereon, together with all accrued charges, advances, liens and claims on such property, while contained in the..... building, occupied principally for.....purposes and situate.....

In case of loss upon property held by the insured on storage or for repairs, on which a limitation as to liability of the insured to the owner or owners for loss by fire shall have been fixed or agreed upon, by the issue of receipt or otherwise, it is agreed that the "actual cash value" of such property shall in no case exceed the amount of such limit of liability so fixed or agreed upon; and the optional right of this Company to take the whole or any part of such property, provided for in lines 4 and 5 of said printed conditions (as thus interpreted), shall be secured to this Company by the insured, on demand, or claim for loss thereon wholly waived.

(Attach usual or required clauses.)

FUR STORAGE FORM

\$....On furs, fur garments and other property held in storage to the extent of the agreed liability of said insured therefor, which agreed liability is hereby taken and accepted, on proof thereof, as the amount for which this Company shall be liable in case of loss or damage; and on the value of labor, repairs and alterations performed thereon.

Amounts stipulated in receipts issued by the insured for property held on storage or otherwise as the agreed liability of said insured shall be taken and accepted by this Company as the actual value of said property, but this condition shall not apply to any goods or articles for which such receipts have not been issued; provided, however, that goods and articles received on memorandum, awaiting valuation and other particulars prior to receipts being issued, shall be held covered against loss or damage for five days subject to the usual conditions of the policy where no value is named. The said agreed liability shall also be taken and accepted as the "ascertained or appraised value" of said property referred to in the printed conditions of this policy.

In accordance with the conditions of this policy this Company, upon paying the amount of such stipulated liability on any article or articles upon which damage is claimed, shall be entitled to the remains or salvage of such article or articles. Failure on the part of the insured to surrender to the Company the remains or salvage of any such article or articles shall waive or forfeit all claim under this policy for loss or damage on such article or articles.

(Attach usual or required clauses.)

GENERAL STORAGE WAREHOUSE BUILDING FORM

On the brick and frame buildings connecting and communicating, including all additions, attachments, extensions, connections, improvements, platforms and permanent equipment, heating and lighting apparatus, electrical equipment, sprinkler equipment, fire appliances, piping, plumbing, signs, screens, and awnings (in and on buildings), elevators, motors, and all machinery, furniture and fixtures, fittings, tools, implements, utensils, and supplies, belonging to said building and comprising its operating equipment, occupied as a general storage warehouse and for purposes not more hazardous, situate.....

(Attach usual or required clauses.)

GENERAL STORAGE WAREHOUSE CONTENTS FORM

(Operator's Insurance)

\$....On personal property consisting principally of.....and

on packages containing the same, the property of the insured, or in which the insured has an interest to the extent thereof, or for which the insured is legally liable, together with all accrued charges, advances, liens and claims on such property; all while contained in or on the.....building and additions and extensions adjoining and communicating, and on platforms or ground adjacent thereto while in process of loading or unloading, occupied for general storage purposes and situate.....

This policy shall not cover on property which is the subject of more specific insurance.

(Attach usual or required clauses.)

PROPERTY IN WAREHOUSE FORM

(Owner of Property)

....On personal property consisting principally of,.... and packages for or containing same, while contained in the..... building, occupied principally for general storage purposes and situate.....

This insurance shall not be invalidated by any act or neglect of any occupant of the within described premises, providing such act or neglect is not within the control or knowledge of this insured and any warranty hereto attached shall be binding upon this insured only in so far as within his control or knowledge.

(Attach usual or required clauses.)

ACCRUED CHARGES (WAREHOUSE) FORM

\$....On accrued charges of every description outstanding against goods, merchandise or other property, contained in building situate

This insurance protects the assured against loss of charges accrued at the time of the happening of any fire, and due from parties having goods, merchandise or other property stored in the above described building, which property shall have been destroyed or damaged by fire.

The special condition of this insurance is, that in case of such fire causing loss or damage to said property, this company shall pay to the assured its loss upon said charges upon the assured making an assignment in writing to the companies carrying this insurance, of their claim or claims against the parties storing said property.

For the purpose of securing the collection of these charges in case of fire, the assured hereby covenants and agrees to place a lien upon the companies insuring properties on which said charges are due, where such companies are known to the assured.

It is understood and agreed that this company shall not be liable for loss on that portion of said accrued charges which are due for a longer period than two years.

(Attach usual or required clauses.)

DIVISION VIII

MANUFACTURING BUILDINGS AND THEIR CONTENTS

Insurance on this class of property usually covers, separately; the building, the machinery, and the stock, although they may all be written in one item, blanket, with coinsurance in most States.

Policies covering manufacturing property usually contain the following permits and clauses, worded in accordance with local underwriting rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Work and Materials; also Cease Operations and Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules.

Care should be exercised that permit be granted for gasoline or benzine, if used, or for automobiles, if any, for these things are common in many such risks. (See also Special Agreements.)

The forms given are intended for use in insuring any kind of manufacturing risk, though some will require additional or special wording or cover to fit specific needs. In many States the wording of the forms is prescribed and no other may be used.

MANUFACTURING BUILDING FORM

(For Any Occupancy)

\$....On building and/or additions, principally of.....construction and all permanent fixtures attached thereto and/or contained therein, including lighting, heating, plumbing and/or ventilating apparatus (stationary vaults and/or safes), machinery used to operate elevators, for heating and/or other purposes not connected with manufacturing, millwright work, partitions, divisions, elevators, dumb-waiters, stairways, platforms, telephone systems, annunciators, speaking tubes, decorations, signs, awnings, screens, and/or storm doors, and all other building equipment, apparatus, and/or appurtenances, even though not specifically mentioned, whether in place, contained in, attached to the outside, and/or on roof of building and/or additions, occupied principally for..... purposes, situate.....

(Add usual clauses.)

MANUFACTURING BUILDING FORM*(For any Occupancy)*

\$....On the.....buildings, additions and extensions adjoining and communicating, situate.....

This policy also covers engines, boilers, dynamos, motors, tanks, pumps, setting, connections, sprinkler system, main line of shafting, pulleys, hangers, heating, lighting, ventilating and electric apparatus, and such equipment, apparatus, fixtures and connections as pertain to the service of the building or the furnishing of power therein, ranges, steam, gas and water pipes, elevators, hoists and all appurtenances and connections thereto, decorations, frescoes, stairs, stained, plate and other glass, lettering, signs, awnings, storm doors, windows and screens, burglar alarm, mirrors, stoops, flag poles, sidewalks, flagging, railings, grating, privies, fences, yard fixtures, vaults under sidewalk, and all permanent fixtures therein and thereto said buildings, additions and extensions, occupied principally for.....

MACHINERY AND STOCK FORM*(For Use When Insuring Tenant)*

\$....On machines and machinery of every description, fixed and movable, including engines, boilers, dynamos, motors, parts, attachments and appurtenances of same, hangers, shafting, pulleys, belting, mill work, tools, implements, utensils, supplies and equipment generally, and on office furniture, fixtures, and equipment of every description, including desks, chairs, counters, partitions, divisions, typewriting, duplicating and adding machines, safes, stationery, advertising matter, catalogues, signs, awnings, screens and/or storm doors, and all other plant equipment, apparatus and/or appurtenances even though not specifically mentioned, and

\$....On stock of every description, consisting principally ofmanufactured, unmanufactured and/or in process of manufacture, including all articles, materials and/or supplies used, carried and/or kept by the assured, even though not specifically mentioned, and packages for and/or containing same, all while contained in, attached to the outside and/or on roof of the.....building and additions adjoining and communicating, occupied for.....purposes, situate.....

(Add usual clauses.)

MACHINERY AND STOCK FORM

\$....On engines, boilers, dynamos, motors, machines, machinery, forges, flasks, cranes, tramways, connections, millwright work, settings, steam, gas and water pipes, gas and electric fixtures, heating apparatus, shafting, belting, pulleys, patterns, hangers, pumps,

tanks, vats, retorts, conveyors, scales, moulds, trucks, presses, type, cameras, lenses, plates, halftones, electrotypes, stereotypes, wood cuts and process cuts, dies, lasts, machinery supplies, fuel, machinery repairs and labor thereon, meters, solutions, models, factory, office and other furniture and fixtures of every description, shelving, carpets, matting, shades, partitions, show cases and show figures (inside and outside), lettering, pictures, clocks, awnings, signs, iron safes, stationery, typewriting machines, telephones and connections, blowers, advertising matter, designs, drawings, trunks, tools, implements, scientific and other instruments, apparatus, utensils, appliances and appurtenances and all other property not heretofore mentioned or otherwise insured (including also improvements and betterments to buildings where buildings are not owned by assured); and

\$....On stock, samples, materials and supplies, manufactured, unmanufactured and in process of manufacture, including cases, boxes, labels and packages, and on other merchandise, in all stages. Under the respective items this policy shall cover property of the assured, or in which the assured may have an interest not stated herein to the extent of such interest, or for which the assured may be liable; and on the property of others held on storage or for repairs, for which the assured may be liable; also for labor performed on same; all contained in, on, under and about the buildings, additions, extensions adjoining and communicating, and sidewalks, situate.....and occupied principally for.....

It is understood and agreed that particular machines and/or motors and/or the property of others, or any other articles or property above enumerated on which there is specific insurance are not covered by this policy.

It is understood and agreed that bituminous coal in the open is not covered under this policy.

It is understood that where the buildings above described are owned by the assured that such of the above described property as may be enumerated under the building policies is not covered by this policy.

It is understood and agreed that not more than 15% of the amount of the first item shall cover on patterns and dies.

GENERAL MANUFACTURING FORM

\$....On the chiefly brick and/or frame building, additions, extensions adjoining and communicating, including boilers, engines, and heating, hoisting, plumbing, lighting and power fixtures and appurtenances, shafting, belting, pulleys, hangers, motors and other apparatus, or parts thereof, or attachments thereto, pertaining to the service of the building and the furnishing of power therein, or other fixtures that are a part of the realty, therein, thereon or attached thereto; sidewalks, fences and yard fixtures; situate and known as....., and used for....., or purposes not more hazardous.

\$....On machines and machinery, tools, apparatus and appurtenances, and all other personal property, whether required by the terms of this policy to be specifically mentioned or not, except (a) that covered under item one as part of the realty, (b) that covered under item three as part of the stock and (c) that specified in line 38 of this policy; and/or the interest of the assured, if any, in machinery held on storage, or for repairs, or on consignment or royalty, or lease, or for which the assured may be legally liable; and on labor performed and for materials used thereon; all while contained on premises as described in first item.

Not more than.....% of this item shall cover on patterns.

\$....On stock, materials and supplies in all stages, including samples, labels, cartons, cases, advertising matter and stationery, their own or the property of others for which they are legally liable, or in which they have an insurable interest not stated herein to the extent of such interest; and on labor performed and/or materials used thereon; all while contained on premises as described in first item.

SPECIAL CONDITIONS.—This policy does not cover stock or other property specifically insured unless the value thereof exceeds the specific insurance and in that event for the amount of such excess value only.

EXCLUSIONS.—This policy shall not be held to cover cost of excavations; nor foundations of any building below the level of the ground.

PRIVILEGES EXTENDED TO THE ASSURED.—To do such work and to use such materials as are usual to the business of.....; to operate extra hours, or all night, without prejudice to this insurance, it being agreed that a competent man, other than the regular watchman, shall have supervision and make regular inspection of those rooms in which shafting and belting are running, and where employees are not at work; to remain vacant not exceeding a total of thirty days during the life of this policy; for other insurance without notice until required; for mechanics to be employed for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings, or additions, or the enlargement of the premises.

This policy covers pro rata of each of the above amounts, aggregating \$.....

Lightning Clause.

80% Clause. With 5% Exemption.

(Add other usual or required clauses.)

Note:—If desired, the foregoing may be used as a blanket form, covering all buildings and contents of a plant (but separating them into three items), by making the word building in first line plural and adding the following distribution clause:

Each item of this policy shall attach on or in each separate building or location in the proportion which the value on or in each bears to that on or in all.

MANUFACTURING SPECIAL HAZARDS FORM*(Uniformity West)*

This policy being for \$...., covers its pro rata proportion of and on the following amounts and items:

*1 \$....On the.....story.....roof.....building, occupied as.....

*2 \$....On machinery, and

*3 \$....On stock, and

*4 \$....On patterns, moulds, models and forms; all only while contained in, or attached to, said building.

*5 \$....On the.....story.....roof.....building, occupied as.....

*6 \$....On machinery, and

*7 \$....On stock, and

*8 \$....On patterns, moulds, models and forms; all only while contained in, or attached to, said building.

*9 \$....On the.....story.....roof.....building, occupied as.....

*10 \$....On machinery, and

*11 \$....On stock, and

*12 \$....On patterns, moulds, models and forms; all only while contained in, or attached to, said building.

*13 \$....On.....

\$....Total Insurance.

Average Premium Per M. \$....

All the above described property being situated.....
State of.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

The words "BUILDING," "MACHINERY" and "STOCK" as used herein shall be construed to cover as follows:

"BUILDING"—On building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building.

"MACHINERY"—On fixed and movable machinery of every description, engines, boilers, pumps, dynamos, electrical machinery, apparatus, appliances and devices, including their settings, connections, attachments and appurtenances; fuel; hose and other fire extinguishing appliances; signs and awnings (signs and awnings covered under fire policies only); drawings, dies, scientific apparatus; pictures, paintings, engravings and their frames, all at not exceeding cost; factory furniture, fixtures, equipment, tools, implements, utensils, and machinist's supplies, also office furniture,

fixtures and supplies, including printed books, safes and typewriters.

"Stock"—On merchandise and materials, manufactured, unmanufactured, and in process of manufacture, including all materials and supplies used in packing and preparing same for shipment; and provided the assured is legally liable therefor, this item shall also cover such stock held in trust, or on commission, or sold but not delivered.

The items on "Machinery," "Stock," and "Patterns, moulds, models and forms," shall also cover said "Machinery," "Stock," and "Patterns, moulds, models and forms" within one hundred (100) feet of the above described buildings while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said "Machinery," "Stock," and "Patterns, moulds, models and forms" while on platform in contact with above described buildings; all only while in transit to and from said buildings.

Permission granted for such use of the premises as is usual and incidental in the business, as conducted therein, of..... (state kind of business).....and when not in violation of any law, statute or municipal restriction, to keep and use all articles and materials usual and incidental to said business, in such quantities as the exigencies of the business require.

(Attach usual and required clauses.)

BLANKET MACHINERY AND STOCK FORM (MFG.) (Illustration)

On the entire contents of the buildings occupied by assured, consisting largely of automobiles and parts thereof, machinery and equipment, situated and known as Nos.....

This insurance also covers such property as is insured hereunder when outside of buildings described herein, but not beyond 100 feet from the premises unless otherwise stated herein.

Other insurance permitted.

This policy includes property as described and also all other property insurable under the conditions of this policy, whether specifically mentioned herein or not, if same forms part of assured's stock or equipment insured hereunder or is appurtenant thereto.

(Add usual clauses.)

BLANKET FORM (MANUFACTURING)

\$...On all property, both real and personal (including property specifically enumerated in the policy on which liability is required to be specifically assumed, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, or securities), belonging to the insured and on the insured's interest in and/or liability for

property held by the insured on storage, or for repairs, or otherwise, and belonging in whole or in part to others; also for labor performed or materials expended thereon. All while contained on his premises, occupied principally for.....purposes, situate

Attach clauses shown under "Special Agreements" numbered 1, 2, 3, 4, 5, 6, 7, 8 and 10; also Electric or other Lighting that may be required, Mechanics, and Cease Operations, Vacancy and/or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local rules.

(See also Blanket Policies.)

PRINTERS' FORM

\$....On patterns, moulds, models, matrices, drawings, designs, dies, solutions, photographic negatives, and lithographic plates and stones, and engravings thereon; the property of the assured, or held by the assured in trust, or the property of others for which the assured may be liable, including labor performed on same; and

\$....On engines, boilers, dynamos, motors, machines, machinery, forges, flasks, cranes, tramways, connections, millwright work, settings, steam, gas and water pipes, gas and electric fixtures, heating apparatus, shafting, belting, pulleys, hangers, pumps, tanks, vats, retorts, conveyors, scales, trucks, presses, type, cameras, lenses, lasts, machinery supplies, fuel, machinery repairs and labor thereon; pounces, cutters, knives, stencils, imposing stones and frames, blocks, brass stamps and gilding tools; and on plans, sketches, stereotypes, electrotypes, cuts, plates (other than lithographic), wood cuts, half-tones and work, labor and engravings thereon; meters, factory, office and other furniture and fixtures of every description, shelving, carpets, matting, shades, partitions, show cases and show figures (inside and outside), lettering, pictures, clocks, awnings, signs, iron safes, stationery, typewriting machines, telephones and connections, blowers, advertising matter, trunks, tools, implements, scientific and other instruments, apparatus, utensils, appliances and appurtenances, and all other property not heretofore mentioned or otherwise insured (including also improvements and betterments to buildings where buildings are not owned by assured); and

\$....On Stock, Samples, Materials and Supplies, manufactured, unmanufactured and in process of manufacture, including cases, boxes, labels and packages, and on other merchandise, in all stages. Under the respective items this policy shall cover property of the assured, or on joint account with others, or sold but not delivered or removed, or for which the assured may be liable; and on property of others held on storage or for repairs, for which the assured may be liable; also for labor performed on same; all con-

tained in, on, under and about the buildings, additions, extensions and sidewalks, situate: No.....

It is understood and agreed that property enumerated under first item is not covered under second item of this policy.

It is understood and agreed that where the buildings above described are owned by the assured that such of the above described property as may be enumerated under the building policies is not covered by this policy.

It is understood and agreed that particular machines and/or motors and/or the property of others, or any other articles or property above enumerated on which there is specific insurance are not covered by this policy.

(Add usual clauses.)

PRINTING OFFICE FORM

(Uniformity West)

*1 \$....On printing presses and connections, machines, machinery; electrical apparatus, appliances and devices; brass rules, stands, cases, galleys, chases, type, slugs; metal and wood furniture; imposing stones and frames, racks, cabinets; electrotypes, stereotypes, woodcuts, electrotypes and stereotype blocks, plates, cuts; paper cutters and connections, tables, tools, shafting, belting, gearing, hangers, pulleys, inks, rollers; store and office furniture, fixtures, printed books and supplies, counters, shelving, show cases, scales, desks, safes, typewriters, cash registers; pictures, paintings and engravings, including their frames, all at not exceeding cost; lighting fixtures, stoves, signs and awnings (signs and awnings covered under fire policies only); and all other tools, implements and utensils as are usually kept in printing establishments; all not belonging to and constituting a permanent part of the building; also on stock of paper, plain, printed and in process of printing, and such other merchandise and materials as are usually kept in printing establishments; and, provided the assured is legally liable therefor, this item shall also cover such merchandise and material held in trust, or on commission, or sold but not delivered; all only while contained in, or attached to, the.....story..... roof.....building, situated.....

*2 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

MERGENTHALER LINOTYPE CO. FORM

(Used where their machines are insured while in the hands of others.)

\$....On Linotype Machines, including all parts of and appurtenances to same, while contained in the.....buildings situate
.....

Loss, if any, first payable to the Mergenthaler Linotype Co., as its lien or mortgagee interest may appear.

Privileged to work overtime and at night, to cease operations, to use oil stoves, to use electricity for light, heat and/or power, to make alterations, additions and repairs, and this policy to cover therein, to do such work, and to use such materials as are usual in the business of printers, and for other insurance.

This policy shall cover any direct loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term Lightning and in no case to include loss or damage by cyclone, tornado or wind-storm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property, this Company shall be liable only pro rata with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by Lightning or not.

PRINTERS' OR LITHOGRAPHERS' FORM

\$....On presses, motors, machines, mills, machinery, shafting, belting, pulleys, hangers, piping, tubing, type, electrotypes and labor performed in setting type, tools, implements, utensils, appurtenances and machinery supplies, and on electric and gas apparatus and fixtures, and on photographic apparatus, supplies and fixtures, photographic positives and transparencies; and on office and factory furniture and fixtures, signs, fresco work, wall and ceiling decorations, iron safes, stationery, office supplies, slates, tubes, metal plates, pictures, paintings and their frames and shadow boxes; and on framed and unframed specimens, progressive proofs, prints, photographs, books, art publications, and manuscript, and on paper, card board, muslin, satin and other materials, printed and unprinted with the work thereon, finished or unfinished, and on goods in stock, or sold but not removed, whether paid for or not, and on inks, colors, varnish, bronzes, metal leaf, and other supplies, and on all other contents of whatever nature not otherwise insured.

\$....On patterns, models, moulds, matrices, drawings, designs, dies, solutions, photographic negatives and copper cylinders coated with zinc or uncoated, used as a lithographic or gravure printing surface, lithographic plates and stones and engravings and drawings thereon, sketches, drawings, pictures, paintings, and designs, finished or unfinished including their frames.

This policy shall cover, under the respective items, the interest of the insured in and/or liability for similar property held on storage, or for repairs, or otherwise, and belonging in whole or in part to others.

CLOTHING MANUFACTURING FORM*(In hands of other parties)*

\$....On their clothing, manufactured and in process, including labor of employees, and all materials and supplies used in making and/or repairing the same, while contained in the.....building, occupied as a.....situate.....said stock held by.....for manufacturing purposes.

Other insurance permitted.

This insurance is against only loss or damage by fire to property contained in premises above described, and does not cover any loss, direct or consequential, to property in any other location.

CLOTH SPONGERS' FORM

\$....On woolens and other merchandise not hazardous, hazardous and extra hazardous, finished, unfinished or in the process of finishing, sponging, manufacturing or examining (including cost of labor expended thereon) the property of the assured or held in trust or on commission or on joint account with others, or sold but not delivered or removed, all while contained in or on buildings, extensions, and additions thereto and in vaults and under the sidewalks of the premises of the.....situate.....

This policy is issued with the understanding and agreement on the part of the company to issue certificates of insurance to any firm or firms, having merchandise in the above mentioned premises as shall be requested by the assured or their representatives for amounts not exceeding in the aggregate the total amount of the policy and not to extend beyond the expiration thereof.

It is further understood and agreed that such certificates shall form a part of this policy contract and be subject to all its conditions.

It is understood and agreed that this insurance is not held to include merchandise or property on which at the time of loss there may be specific insurance.

(Attach other usual or required clauses.)

STOCK IN TANNERY FORM*(Operator's Insurance)*

\$....On stock of hides, skins and leather in all stages, and on all by-products of tanning, such as hair, grease and glue stock, and on bark, tanning liquors and all materials and supplies used in the insured's business, while contained, etc.

This policy also covers the legal liability of the insured for similar property belonging in whole or in part to other parties.

(Attach other usual or required clauses.)

STOCK IN TANNERY FORM*(For Outside Parties)*

\$....On stock of hides, leather, skins and pelts, manufactured, unmanufactured or in process of manufacture, including all articles and materials entering into the same, their own or for which they may be liable or sold but not removed, while contained. etc.

(Attach usual or required clauses.)

STOCK IN TANNERY FORM*(For Outside Parties) (2)*

\$....On their divided or undivided interest in stock of hides and leather of all kinds in all stages and on materials and supplies therefor, while contained, etc.

This policy shall not cover property more specifically insured except for the excess of value, if any, over the amount of such specific insurance.

(Attach usual or required clauses.)

CREAMERY OR CHEESE FACTORY FORM*(Uniformity West)**(For Use on Either Fire or Tornado Policies)*

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a(state whether creamery or cheese factory)..... situated.....

*2 \$....On boilers and engines, pumps, fixed and movable machinery, including foundations, settings, connections and attachments; separators, vats, steam piping, cans, receivers and containers; electrical apparatus, appliances and devices; tools, implements, utensils, scales and office and factory furniture, fixtures, printed books and supplies; all only while contained in the above described building.

*3 \$....On stock of milk, cream, butter, cheese, tubs, paper, linen, paper circles, rennet, bandages, color, salt and such other material and supplies used in the manufacture and preparation of the product of this plant; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building.

This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles

or railway cars; also on said merchandise while on platforms in contact with above described building; all only while in transit to and from said building.

*4 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

FERTILIZER RISKS (DRY MIXING PLANTS)

(Buildings and Machinery—Specific)

(S. E. U. A.)

.....Fertilizer or Phosphate Co., situated.....

\$....On their.....story, frame.....roof building, including foundations, partitions and platforms adjoining and connected therewith, while occupied by assured for manufacturing Fertilizers, known as Mixing Building. Building No.....

\$....On their fixed and movable machinery, including crushers, mixers, conveyors, elevators, sacking machines, blowers, shafting, belting, hangers, connections, tools and all necessary appurtenances and appliances, all while contained in the Mixing Building above described.

\$....On their.....story.....roof Boiler House Building, located.....feet from above described Mill Building. Building No.....

\$....On their engines, boilers, smokestack, foundations, pumps and connections, all contained in the Boiler House Building above described.

This insurance is effected subject to the following conditions, which are accepted as parts of this contract:

FIRE PROTECTION CLAUSE.—In consideration of the reduced rate at which this policy is written, it is hereby made a condition of this insurance that all of the private fire protection, for which credit is given in the rating on the within named property, shall at all times be kept in good condition and complete working order, whether it be fire-plug and hose, with spanner—or casks of water and fire-pails—or watchman's clock and records—or fire-pump—or any other kind of private fire protection; and assured agrees that in event of failure to do so, this policy shall be null and void, unless the interruption of such fire protection be from circumstances not within the control or knowledge of the assured, or which could not have been prevented by the exercise of due diligence on the part of the assured.

WARRANTED BY THE ASSURED:

That the following articles, when in excess of one day's supply, shall be kept and stored only as hereinafter provided.

1. GARBAGE TANKAGE AND FISH SCRAP (OTHER THAN ACIDULATED) AND WOOL WASTE IN BULK—(a) In an approved magazine when in Mixing Building or Storage Warehouse, or (b) when in a standard reinforced concrete building outside of said buildings, or (c) when in a standard brick building not nearer than 20 feet, or (d) when in a frame building not nearer than 50 feet, or (e) shall not be stored in Mixing Building or Storage Warehouse, unless in bags tiered in piles of not exceeding in width the length of three (3) bags with at least two (2) feet clear space on all sides and above, unless permit is attached to this policy and an additional premium paid therefor.

2. EMPTY NITER BAGS.—Will at no time be allowed to be kept in Mixing Building, or any other building, excepting in Niter House or in a special building for the purpose, detached not less than 20 feet if standard brick building, or 50 feet if frame building, unless permit is attached to this policy and an additional premium paid therefor.

PERMISSION GRANTED:

(1) To make ordinary alterations, additions and any repairs needed, but it is understood and agreed that extraordinary alterations or additions are prohibited without notice to and consent of this Company in writing. (2) To operate Mixing Building, also boilers connected therewith, at night for a period of not exceeding seventy-five (75) days within each calendar year. (3) To have and use such materials not named in warranty as are usual to the prosecution of their business. (4) To cease operation during the usual vacation incident to their business on the express condition that all private fire protection for which credit is given in the rating on the within named property shall be kept in good condition and complete working order, and that a watchman with an approved watch-clock shall be on duty day and night during the period of vacation, except it is understood that, between manufacturing periods when employees are regularly working on premises, plant is not considered "shut down and not in operation" as to watchman's service and in such cases day watchman is not required. (5) To generate and/or use electricity for lights and power when the electrical equipment is in full compliance with the "National Electrical Code."

(Attach Lightning, Dynamo and Standard Time Clauses.)

Note:—In every case where the co-insurance clause is not applicable, the three-fourths value clause must be inserted. Whenever the three-fourths value clause is used, the total amount of insurance allowed must be stated in the policy.

FERTILIZER RISKS (FULL PROCESS PLANTS)

(Buildings and Machinery—Specific)

.....Fertilizer or Phosphate Co., situated.....

\$....On their.....story, frame.....roof building, includ-

ing foundations, partitions and platforms adjoining and connected therewith, while occupied by assured for manufacturing Fertilizers, known as Fertilizer or Dump Shed Building. Building No.....

\$....On their fixed and movable machinery, including crushers, mixers, conveyors, elevators, sacking machines, blowers, shafting, belting, hangers, connections, tools and all necessary appurtenances and appliances, all while contained in the Fertilizer Factory or Dump Shed Building above described.

\$....On their.....story,.....roof Boiler House Building, located.....feet from above described Mill Building. Building No.....

\$....On their engines, boilers, smokestack, foundations, pumps and connections, all contained in the Boiler House Building above described.

\$....On their.....story, frame.....roof building, including foundations, partitions and platforms adjoining and connecting therewith, while occupied by assured for manufacturing Fertilizers, known as Acid Chamber Building. Building No.

\$....On lead chambers and furnaces and all appurtenances and appliances connected therewith, contained in the above described Acid Chamber Building.

\$....On their.....story,.....roof Boiler House Building, located.....feet from the above described Acid Chamber Building. Building No.....

\$....On their boilers, foundations, pumps and connections, all while contained in the above described Boiler House.

This insurance is effected subject to the following conditions, which are accepted as parts of this contract:

WARRANTED BY THE ASSURED:

That the following articles when in excess of one day's supply shall be kept and stored only as hereinafter provided:

1. NITRATE OF SODA.—(a) In an approved magazine when in Fertilizer Factory or Dump Shed, Mill or Acidulating Building or Storage Warehouse and/or Acid Chamber Building, or (b) when in a standard reinforced concrete building, outside of said buildings, or (c) when in a standard brick building not nearer than 20 feet, or (d) when in a frame building not nearer than 50 feet, or (e) shall not be kept in any building except when stored as above provided unless permit for same is attached to this policy and an additional premium paid therefor.

2. GARBAGE TANKAGE AND FISH SCRAP (OTHER THAN ACIDULATED). —(a) In an approved magazine when in Fertilizer Factory or Dump Shed, Mill or Acidulating Building or Storage Warehouse and/or Acid Chamber Building, or (b) when in a standard reinforced concrete building outside of said buildings, or (c) when

in a standard brick building not nearer than 20 feet, or (d) when in a frame building not nearer than 50 feet, or (e) shall not be stored in Fertilizer Factory or Dump Shed, Mill or Acidulating Building, or Storage Warehouse and/or Acid Chamber Building unless in bags tiered in piles of not exceeding in width the length of three (3) bags with at least two (2) feet clear space on all sides and above, unless permit is attached to this policy, and an additional premium paid therefor.

3. EMPTY NITER BAGS.—Will at no time be allowed to be kept in Fertilizer Factory or Dump Shed, Mill or Acidulating Building or Storage Warehouse and/or Acid Chamber Building, or any other building, excepting in the Niter House, or in a special building for the purpose detached as specified in item 1 of this warranty, unless permit is attached to this policy and an additional premium paid therefor.

PERMISSION GRANTED:

(1) To make ordinary alterations, additions, and any repairs needed, but it is understood and agreed that extraordinary alterations or additions are prohibited without notice to and consent of this Company in writing. (2) To work Acid Chambers and furnaces connected therewith, also boilers for use of Acid Chambers, at night if necessary; also to operate Mill or Acidulating Building and Fertilizer Factory or Dump Shed at night for a period of not exceeding seventy-five (75) days within each calendar year. (3) To have and use such materials not named in warranty as are usual to the prosecution of their business. (4) To cease operation during the usual vacation incident to their business on the express conditions as follows: (a) That all private fire protection, for which credit is given in the rating on the within named property, shall be kept in good condition and complete working order, except it is understood that provided there is a city connection of standard size and pressure or a tank of standard capacity and elevation as a source of water supply in addition to the supply from fire-pumps the actual maintenance of steam pressure in boilers for operating fire-pumps is not required but the boilers for operating fire-pumps will be kept filled with water to the proper level and fuel properly laid in boiler furnaces ready to be fired for quick steaming of boilers at all times during the period of vacation. (b) That a watchman with an approved watch-clock shall be on duty day and night, during the period of vacation, except it is understood that between manufacturing periods when employees are regularly working on premises, plant is not considered "shut down and not in operation" as to watchman's service and in such cases day watchman is not required. (5) To generate and/or use electricity for lights and power when the electrical equipment is in full compliance with the "National Electrical Code"

(Attach Fire Protection, Lightning and Dynamo and Standard Time Clauses.)

DIVISION IX

MISCELLANEOUS NON-MANUFACTURING

There are many classes of property that are not customarily grouped as mercantile or as manufacturing risks, for which it is usual to draw special forms; a few are given for illustration.

The permits and clauses to be attached to such forms are those applicable generally, together with such as may seem desirable or necessary to meet the particular needs of each separate risk, or those required locally.

COAL MINING PLANT FORM

(Uniformity West)

This policy being for \$...., covers its pro rata proportion of and on the following amounts and items:

*1 \$....On the.....roof.....tipple building, including all permanent fixtures, approaches and trestles attached thereto, and construction work to a point twenty feet below the level of the ground; mine cars, cages, shear wheels, steel ropes, scales, screens, tipples, hoppers, and all other equipment and appurtenances usual to a coal tipple, all only while contained in or on said tipple building, approaches and trestles.

*2 \$....On the.....roof.....fan house building; including foundations and all permanent fixtures belonging to and constituting a part of said building; on engines, pumps, fixed and movable machinery, including foundations, settings, connections, and attachments; dynamos, electrical appliances, apparatus and devices; and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in said fan house building.

*3 \$....On the.....roof.....boiler and engine house building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*4 \$....On engines, boilers, pumps, fixed and movable machinery, including foundations, settings, connections and attachments; dynamos, electrical appliances, apparatus and devices; and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in the above described boiler and engine house.

*5 \$....On the.....roof.....power house building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*6 \$. . . . On engines, pumps, fixed and movable machinery, including foundations, settings, connections and attachments; dynamos,, electrical appliances, apparatus and devices; and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in the above described power house.

Note:—Items 3 and 4 to be used only in cases where there is a separate power house aside from boiler and engine house.

*7 \$. . . . On the roof blacksmith and machine shop building, including foundations, stationary forges and all permanent fixtures belonging to and constituting a part of said building.

*8 \$. . . . On fixed and movable machines and machinery, including foundations, settings, connections and attachments; electrical appliances, apparatus and devices; portable forges, bellows and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in the above described blacksmith and machine shop.

*9 \$. . . . On the roof stable building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*10 \$. . . . On horses and mules; in case of loss this company will not be liable for more than (or in case of other insurance for more than its pro rata proportion of) \$250 on any one horse or any one mule, nor in any case for more than the actual cash value of the animal damaged or destroyed; vehicles (excluding automobiles and motorcycles), harness, blankets, tools, implements, hay, grain and feed; all only while contained in the above described stable.

*11 \$. . . . On the roof office building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*12 \$. . . . On office furniture, fixtures and supplies, desks, safes, typewriters, stoves, tools, implements and utensils; all only while contained in the above described office building.

*13 \$. . . . On

\$. . . . Total Insurance. Average Premium Per M. \$. . . .

All of the above described property being situated

. State of Illinois.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Other insurance permitted.

Permission granted to operate at night later than ten (10) o'clock P. M.

Permission granted to cease operations for not exceeding thirty (30) days at any one time.

(Attach Mechanic's Permit, Work and Materials, Lightning and Dynamo and other usual clauses.)

BITUMINOUS COAL FORM*(Uniformity West)*

\$....On bituminous coal (except bituminous slack or screenings); and provided the assured is legally liable therefor, this item shall also cover such coal held in trust or on commission, or sold but not delivered, only while piled outside of building, free and clear of any slack or screenings, located on premises known as..... and on railroad cars within 100 feet thereof, situated.....

The steel or other hoisting apparatus on said premises is required to be moved and kept at least one hundred (100) feet from any frame covered or enclosed structure except loading pockets, when such hoisting apparatus is not in use.

Any claim for loss or damage to property insured, by any one fire where actual loss or damage does not exceed \$5,000.00 in one fire, is hereby expressly waived in advance. Only the excess of loss or damage above \$5,000.00 in any one fire is contracted to be insured hereunder.

Permission to work nights and to cease operations for such periods as in the nature of the assured's business may be necessary.

(Attach usual or required clauses.)

DOCK OR TERMINAL COMPANY'S FORM

\$....On goods, wares and merchandise of every description, belonging to other parties in whole or in part, for which the insured is liable by reason of mistakes, omissions, inability or neglect on the part of the said insured, while contained in or on all the buildings owned, occupied or operated by them, situate on or nearalso in and on the piers, wharves, yards, streets, sheds and bulkheads adjacent thereto.

It is understood and agreed that the liability of this insurance company under this policy is limited to.....(\$.....) for loss resulting from any one fire and that no other insurance is to be considered contributing unless it be under a form concurrent with this policy.

Privilege to do such work and to use such materials as are usual in the business of warehousemen, common carriers, freighters and forwarders, and to transport and handle such merchandise and other property as may be usual in the business of Steamship Companies, Railroads, Common Carriers, Forwarders and Warehousemen.

It is understood and agreed that Motor Vehicles are allowed on the above described premises.

(Attach other usual or required clauses.)

LUMBER FORM

(Tonawanda)

\$....On lumber, timber, lath, shingles, pickets, posts, and all other stock in their line of trade, including lumber yard fixtures and equipment consisting principally of foundations, roadways, trucks, sleighs, piling strips and coverings, their own or held by them in trust, for sale or on commission, or sold but not delivered or removed all while contained on their yard and dock, or ondock adjoining, and in or on vessels tied up at said dock, also in sheds or in or on cars, on side tracks, on wagons, trucks, sleighs, and in streets, roadways, and on loading grounds adjacent to said yard, situate.....

It is understood and agreed that this policy does not cover lumber in or on vessels until marine insurance thereon ceases.

Other concurrent insurance permitted.

Clear Space clause attached.

.....% Coinsurance Clause.

(Add other usual or required clauses.)

LUMBER FORM (RETAIL)

(Uniformity West)

\$....On office building, warehouses, stables, sheds and fences; and on lumber, lath, shingles, pickets, posts, timbers, sash doors, blinds, mouldings, window glass, nails, mixed and dry paints, lime, hair, cement, coal, wire, plaster, building paper, builders' hardware, and such other merchandise as is usually kept for sale in retail lumber yards; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; on tools, implements, utensils, scales, harness, feed and vehicles (excluding automobiles, motorcycles and gasoline trucks), on horses and mules (in case of loss this company will not be liable for more than [or in case of other insurance for more than its pro rata proportion of] \$250 on any one horse or any one mule, nor in any case for more than the actual cash value of the animal damaged or destroyed); on office furniture and fixtures, stationery, office supplies and safe; all only while contained in assured's buildings and yard, or in cars in assured's yard or within 100 feet thereof, situated.....

If this form is attached to a fire policy this company assumes liability for loss on horses and mules by lightning, while on or off the premises.

(Attach usual and required clauses.)

LUMBER FORM (OTHER THAN RETAIL)

(Uniformity West)

\$...On lumber, lath, shingles, poles, posts, ties, slabs and other timber products; and, provided the assured is legally liable therefor, this item shall also cover such products held in trust, or on commission, or sold but not delivered; all only while on..... yard situated.....; also in cars on the premises above described or within 100 feet thereof,

Other insurance permitted.

It is a condition of this insurance that this policy shall also cover on tramways, if the property of the assured; provided, however, that the liability of this company shall extend only to such portions of said tramways as are within the limits of the within described lumber yard, and in no event shall this company be liable for any part of said tramways that may be within the clear space maintained between the within described lumber yard and any woodworking or manufacturing establishment or dry kiln.

CLEAR SPACE CLAUSE

It is made a condition of this insurance that a continuous clear space of not less than.....feet shall at all times hereafter be maintained between the property herein described and any woodworking or manufacturing establishment, or dry kiln; and that said space shall not be used for the handling or piling of lumber thereon for any purpose (tramways upon which lumber is not piled alone being excepted); but this shall not be construed to prohibit loading or unloading within, or the transportation of lumber or timber products across such clear space.

Should the property hereby insured be or become separated fifty (50) feet or more, by streets, roadways, alleys, water spaces or other spaces (*not commonly used for piling ground or temporarily vacant*), then this policy is subject to the conditions of the following Average Clause:

AVERAGE CLAUSE

It is understood and agreed that the amount insured by this policy shall attach in each of the above named premises, in that proportion to the whole amount insured that the value of property covered by this policy, contained in each of said places, shall bear to the value of such property contained in all of the above named premises.

In some localities a reduction in rate is made where a certain percentage of lumber in yard is hardwood, the following clause being attached to policy:

HARDWOOD LUMBER YARD CLAUSE

In consideration of a reduced rate of premium, it is made a condition of this insurance, that the lumber contained in the within described lumber yard is not less than....% hardwood, and that not less than....% hardwood lumber shall be kept in said yard during the life of this policy.

OIL TANK AND CONTENTS FORM

(Uniformity West)

(Steel or Wood Construction)

*1 \$....On.....barrel.....state whether farm, working or flow tanks.....tanks of.....construction, being not exceeding \$....on each tank, known, numbered, and situated as follows:.....

*2 \$....On crude petroleum and/or its products, being not exceeding \$....on contents of each tank described above.

This insurance shall also cover, provided the assured is legally liable therefor, property described in this policy, held in trust, or on commission, or on joint account with others, or sold but not delivered.

*No insurance attaches under any of above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Other insurance permitted.

This company shall not be liable for more than its pro rata proportion of any loss under this policy, and the aggregate claim against this company, under all of its policies, regardless of where issued, covering above described property, shall not exceed \$.... on any one tank and/or its contents.

In event of claim for loss or damage to crude petroleum, the basis of settlement shall be the posted market price thereof on the date of the fire, plus the gathering and pipe line charges, plus premium value actually paid, to include also, where crude petroleum is delivered to assured in railroad tank cars, loading, unloading and freight charges; and in event of claim for loss or damage to petroleum products the basis of settlement shall be the market value thereof, at the time and place of loss.

DAILY RECORD CLAUSE

It is made a condition of this insurance: (1) That the assured shall keep a daily report showing a complete record of all crude petroleum and/or its products produced and shipped, and which shall show the amount of crude petroleum and/or its products each day during the term of this policy, in each tank described herein; (2) That the assured shall at all times keep such complete record in some secure place not exposed to a fire which would ignite or

destroy any of the oil tanks described herein; (3) That in case of loss the assured shall produce such complete record.

This insurance does not cover cost of excavations and fillings, foundations, underground piping, fittings, conduits and drains.

The validity of this policy shall not be affected if there be a lien, mortgage or bonded indebtedness or if the property is situate on leased ground.

Notice is hereby acknowledged that the assured has waived or may waive its rights of recovery from railroad or transportation companies for any damage by fire occurring to the property described herein or affected thereby.

Wherever in this policy time is referred to, it shall be construed to mean standard time where the property insured hereunder is located.

(Attach Lightning and R. R. C. Clauses.)

ELECTRIC POWER PLANT FORM

(Illustration)

This policy for \$....covers pro rata on each of the following items, aggregating.....to wit:

1. \$....On the.....concrete building, occupied as an electric light and power station, including additions and permanent fixtures, but excluding all foundations below the level of the basement floors; and on the contents thereof, consisting of steam boilers and settings, funnels, stacks, coal bunkers and other appurtenances, pumps, piping fixtures, tools and all apparatus pertaining to boilers; steam turbines, motors and their settings, belting, shafting, pulleys, hangers, and all apparatus pertaining to motive power; dynamos of all descriptions, regulators, and other devices belonging thereto; all other electrical and non-electrical fixtures, apparatus and devices and all tools, furniture supplies, materials, signs, awnings, pictures and frames, drawings, plans and other property not hereinbefore specified used in its business.

2. \$....On Coal Crusher and Conveyor.

3. \$....On Water Tank.

4. \$....On Coal Wharf and Coal Runway, and

5. \$....On Bulkheads, situate..... All of the above described property situated in the approximate vicinity of.....

It is hereby understood and agreed that this policy does not attach on any property the title to which in part or as a whole is not vested in this Company if same is specifically insured in form different to the above, or on the said property until the specific insurance thereon is cancelled.

This policy does not cover any loss on coal caused by spontaneous combustion of such coal.

Permission granted for the use of the above described premises for any purposes incidental to its business, for them to remain vacant and unoccupied; to let portions of them for purposes not more hazardous; to make alterations, additions, and repairs; to operate all night; to cease operations as occasion or necessity may require; but not to exceed ninety (90) consecutive days; to keep and use such articles and oils as may be deemed necessary or as may be incidental to its business or that of its tenants, but not to exceed five gallons of gasoline, benzine or naphtha in any building except the oil house.

The failure of the assured to comply with the conditions of this policy under any item shall not prejudice their right to recover a loss under any other item.

The validity of this policy shall not be questioned because of any mortgage that is now in force or that may hereafter be effected upon the property, that is not endorsed hereon.

Loss, if any, payable to the.....Trust Company, Trustee, Mortgagee, as interest may appear subject nevertheless to all the conditions of the policy.

(Attach O. I. P. Lightning and Dynamo, Co-Insurance and other clauses.)

ELECTRIC LIGHT AND POWER PLANT FORM

(Uniformity West)

*1 \$. On the story roof building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein, other than those used for generating electricity; also all permanent fixtures belonging to and constituting a part of said building; occupied as an electric light plant and (or) power house, situated

*2 \$. On fixed and movable machinery of every description, engines, boilers, pumps, dynamos, excitors, motors, including their settings, connections, attachments and appurtenances; lamps, switches, wire and other electrical appliances; hose and other fire extinguishing appliances; signs and awnings (signs and awnings covered under fire policies only); furniture, fixtures, tools, implements, utensils and supplies; all only while contained in, or attached to, the above described building.

*4 \$. On

*5 \$. On

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

ELECTRIC LIGHT AND POWER STATIONS

(Buildings and Machinery and other Articles subject to Conditions of 80 Per Cent Co-Insurance Clause)

(S. E. U. A.)

.....Electric Light and/or Power Station, situate.....

This policy covers to the extent of \$...., being pro rata of each of the following items:

(It is understood and agreed, however, that no part of this insurance attaches or applies to any building or buildings listed below, nor to their contents, except where a specific amount is placed opposite such building, and then applies specifically to buildings and/or contents only in the sum set opposite each such building.)

\$....On Buildings and Connections, including Stacks, Plumbing and Piping.

\$....On Machines and Machinery, other than Electrical Apparutances and Appliances, Boilers, Engines and Pumps, including all connections, Implements, Tools, Utensils, Fire Extinguishing Apparatus, Office Furniture, Furnishings and Fixtures, Iron Safes, Printing and Writing Machines, Stationery Supplies, and all material and extra parts, only while contained in building or buildings specified below.

\$....On Dynamos, Exciters, Motors, Transformers, Lamps, Switches, Wire and all other Electrical Machinery, Appliances, Appurtenances or Devices, only while contained in building or buildings specified below.

DESCRIPTION	Amt. Insured on Buildings, Etc., Per 1st Item	Amt. Insured on Machin- ery, Etc., Per 2d Item	Amt. Insured on Electrical Machinery, Etc., Per 3d Item
On the.....story.....building.....roof known as.....building
On the.....story.....building.....roof known as.....building
On the.....story.....building.....roof known as.....building
On the.....story.....building.....roof known as.....building
On

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

Permission granted for use of Central Oiling System, or to keep not exceeding three (3) barrels of lubricating oils in standard

cabinets inside above described buildings; otherwise not exceeding one day's supply shall be permitted therein.

(Attach 80% Co-Insurance, Lightning and Dynamo, Fire Protection and Standard Time Clauses.)

ICE AND ELECTRIC LIGHT PLANTS

(Buildings and Machinery)

(S. E. U. A.)

Name.....situate.....

This policy covers to the extent of \$....being pro rata of each of the following items:

(It is understood and agreed, however, that no part of this insurance attaches or applies to any building or buildings listed below, nor to their contents, except where a specific amount is placed opposite such building, and then applies specifically to buildings and/or contents only in the sum set opposite each such building or contents item.)

(1) \$....On.....story.....building.....roof.....
situate.....and occupied as an electric light and ice plant,
designated as main building.

(2) \$....On Machines and Machinery, other than electrical, appurtenances and appliances, excluding boilers and engines and including pipes, tanks, baths, hoisting apparatus, liquefiers, ammonia tanks and their contents, pumps other than boiler, feed and/or fire, including all connections and millwright work, implements, tools, utensils, fire extinguishing apparatus, office furniture, furnishings and fixtures, iron safes, printing and writing machines, stationery supplies and all material and extra parts and materials required and used in the manufacture of ice for generating of electric light and/or power not specified in the foregoing and while contained in main building described under item No. 1.

(3) \$....On dynamos, exciters, motors, transformers, lamps, switches, wiring and all other electrical machinery, appliances, appurtenances or devices contained in main building described under Item No. 1.

(4) \$....On the.....story.....building.....roof known as.....building.

(5) \$....On the contents of.....building described above under item No. 6, consisting chiefly of.....

(6) \$....On the.....story.....building.....roof known as.....building.

(7) \$....On boilers, their settings and stacks, engines, boiler feed and/or fire pumps, foundations, and connections, all while contained in.....

(Attach usual clauses.)

STREET RAILWAY GENERAL SCHEDULE FORM*(Illustration)*

This Policy for \$....covers pro rata on each of the following items, aggregating \$....to wit:

1. \$33,970. On brick, metal-roof building, occupied as an electric light and power station, situate.....

2. \$80,415. On electrical machinery, and

3. \$156,940. On machinery other than electrical, all while contained in building described under Item No. 1.

4. \$7,350. On brick and frame, metal-roof buildings, occupied principally as a storage battery room, and storehouse, situate

5. \$27,250. On electrical machinery, and

6. \$30,500. On machinery other than electrical, all while contained in buildings described under Item No. 4.

7. \$1,600. On wooden wharf.

8. \$1,095. On brick and frame, metal-roof building, occupied for storage and stable purposes, all situate.....

9. \$2,400. On contents, and on horses and mules (in case of loss no one animal to be valued in excess of \$200.00), vehicles of all kinds, and parts of same, harness, robes, blankets, whips, and other horse and vehicle furnishings and equipments, stable furniture, tools, implements, hay, grain, feed and straw, all while contained in buildings described under Item No. 8.

10. \$47,160. On electrical machinery, and

11. \$7,440. On machinery other than electrical, all while contained in.....Station located.....

12. \$42,765. On electrical machinery, all while contained in.....Sub-station located.....

13. \$12,420. On contents, all while contained in brick, metal-roof building, occupied principally as an office and storeroom, situate.....

14. \$800. On corrugated iron and concrete building occupied as a sub-station, situate.....

15. \$5,400. On electrical machinery, all while contained in building described under Item No. 14.

16. \$14,000. On brick and corrugated iron, metal-roof building, occupied as a repair shop, storeroom, and office, situate.....

17. \$7,800. On contents, while contained in building described under Item No. 16.

18. \$20,000. On brick and mill construction roof buildings, being \$10,000 on each section separated by fire wall, occupied as car barn and shops, situate.....

19. \$2,000. On brick and corrugated iron and metal-roof building occupied as barn and shops situate.....

20. \$2,000. On corrugated iron building, occupied as a paint shop, situate.....

21. \$50. On contents, while contained in building described under Item No. 20.
22. \$3,200. On corrugated iron, and metal-roof building, occupied as a power station, situate.....
23. \$4,000. On electrical machinery, and
24. \$23,800. On machinery, other than electrical, all while contained in building described under Item No. 22.
25. \$1,750. On frame metal-roof building, occupied as a waiting station, office, and dwelling, situate.....
26. \$250. On contents, while contained in building described under Item No. 25.
27. \$800. On corrugated iron building, occupied as a car barn, situate.....
28. \$282,935. On cars, their own, or held by them, or belonging to others for which they may be liable, while contained in any of the above described buildings, or in any other buildings used for the storage of cars, or adjacent thereto, or on tracks of roads owned or operated by the assured or upon which the assured's cars may be operated.
29. \$25,000. On frame, metal and shingle-roof building, occupied as a pavilion, cafe, and theatre, situate.....
30. \$1,750. On contents, while contained in building described under Item No. 29.
31. \$750. On water tank, including foundations, situate in rear of building described under Item No. 29.
32. \$250. On bandstand, situate in rear of building described under Item No. 29.
33. \$150. On frame building, occupied as a waiting room, and,
34. \$50. On two frame buildings, occupied as car sheds, being \$25.00 on each, all situate.....
35. \$210. On frame building, as a waiting room, situate.....
36. \$50. On frame building, occupied as a waiting room, and car shed, situate.....
37. \$700. On frame shed, occupied as a pavilion, and,
38. \$400. On frame building, occupied as a club-house and bar, both situate.....
39. \$400. On wooden poles, while contained in the vacant lot, situate.....
40. \$150. On frame building, occupied as a waiting room, situate.....

The terms, "Building," "Electrical Machinery," "Machinery other than electrical," "Contents," and "Cars," and the specific sums insured thereon in this policy shall cover and apply as follows:

Building: Buildings and additions thereto (excluding foundations), stacks, tanks, scales, transfer and turn tables, coal conveyors, hoisting, heating, lighting and ventilating apparatus (excluding dynamos and engines), partitions, platforms, plumbing,

standpipes, hose, gas fixtures and fittings, wiring and lamps, signs, awnings, and all fixtures and fittings attached to buildings.

Electrical Machinery: Dynamos, steam turbines, motors, exciters (excluding foundations), and duplicates and duplicate parts, storage batteries, transformers, converters, switches, and switchboards, switchboard apparatus, cables and all other electrical appurtenances, appliances and connections, except supplies.

Machinery, Other Than Electrical: Fixed and movable machines and machinery (excluding foundations), engines and their appurtenances and attachments, boilers and settings, pumps, heaters, condensers, meters and their connections, appurtenances and attachments, piping, valves, shafting, gearing, belting and all machines, appurtenances, appliances, tools, implements, and utensils, office furniture, and fittings, stationery and safes, and all electrical and non-electrical supplies, materials, and property not otherwise insured used in its business.

Contents: Electrical machinery and machinery other than electrical as above defined.

Cars: Motor cars, trailers and other cars, car bodies, trucks, motors, fare registers, headlights wiring and equipment of same, sweepers, salters, sprinklers, tower wagons, patrol wagons, and all vehicles of every description and their appurtenances not specifically insured.

It is hereby understood and agreed that this policy does not attach on any property the title to which, in part or as a whole is not vested in this Company, if same is specifically insured in form different to the above, or on the said property until the specific insurance thereon is cancelled.

Other insurance permitted without notice until requested.

Permission granted for the use of the above described premises for any purpose incidental to its business, for them to remain vacant and unoccupied; to let them for purposes not more hazardous; to make alterations, additions and repairs; to operate all night; to cease operations as occasion or necessity may require but not to exceed ninety (90) consecutive days; to keep and use such articles and oils as may be deemed necessary or as may be incidental to its business or that of its tenants, but not to exceed five gallons of gasoline, benzine or naphtha in any building except the oil house.

Notice acknowledged that the.....Power Station insured under Items 1, 2 and 3 and the.....Power Station under Items 22, 23 and 24 are not operated except in case of emergency, which fact shall not prejudice this Insurance.

Notice is hereby accepted that \$19,050 of electrical machinery insured under Item No. 12 of this policy is owned by the.....Company, and leased to theCompany for operating purposes, and loss, if any, under that portion of this item is payable

to the.....Trust Company, Trustee, Mortgagee, as its interest may appear, subject to conditions of this policy.

This policy shall cover any direct loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term "Lightning" and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy, provided, however, that if there shall be any other insurance on said property, this Company shall be liable only pro rata with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by Lightning or not; and provided further that, if dynamos, wiring, lamps, motors, switches, or other electrical appliances, or devices are insured by this policy, this Company shall not be liable for any loss or damage to such property resulting from any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then for the loss by fire only.

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the assured shall maintain insurance on the property described under Items Nos. 1, 3, 4, 6, 7, 8, 9, 11, 13, 14, 16, 17, 18, 19, 20, 21, 22, 24, 25, 26 and 27 to the extent of eighty (80) per cent. of the actual cash value thereof; and on property described under Items Nos. 2, 5, 10, 12, 15, 23 and 28 to the extent of the full cash value thereof, and on property described under Items Nos. 29 to 40, inclusive, to the extent of seventy-five (75) per cent. of the actual cash value thereof; and failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear a proportion of any loss. This clause shall apply to each of the Items above described separately.

The failure of the Assured to comply with the conditions of this policy under any item shall not prejudice their right to recover a loss under any other item.

The validity of this policy shall not be questioned because of any mortgage that is now in force or that may hereafter be effected upon the property that is not endorsed hereon.

Loss, if any, payable to the.....Trust Company, Trustee, Mortgagee, as its interest may appear, subject to conditions of this policy.

AUTOMOBILE GARAGE FORM

(Industrial or Public)

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

*1 \$. On the story roof building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also

all permanent fixtures, stationary scales and elevators, belonging to and constituting part of said building; occupied as a garage and repair shop, situated.....

*2 \$....On all fixed and movable machinery of every description incident to the business of a garage and repair shop; electrical apparatus, appliances and devices; hose and other fire extinguishing appliances; machinists' supplies and tools; garage and repair shop furniture and fixtures; signs and awnings (signs and awnings covered under fire policies only); office furniture, fixtures, printed books and supplies; pictures, paintings and engravings, including their frames, all at not exceeding cost; counters, shelving, iron safe, typewriters and cash registers; all only while contained in, or attached to, the above described building.

*3 \$....On.....

*4 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Subject to the following conditions, permission is granted to manufacture, repair, store and sell automobiles in the building described in this policy.

The conditions of this permit, in so far as they are within control of the assured, are as follows:

1—That no claim shall be made for loss or damage to an automobile, any of its parts or equipment, unless such automobile, its parts or equipment, is specifically mentioned as insured under this policy.

2—That the gasoline supply tank shall be at least five (5) feet from such building, unless it is buried in the ground at least two (2) feet below the level of the basement floor. All pipes for filling or ventilating the supply tank shall be outside the building, and piping shall be so laid as to drain toward the tank.

3—That no cleaning of an automobile, or any parts thereof, shall be done by any gasoline spraying device; that there shall be no gasoline kept within any building described in this policy, except that contained in the reservoirs of automobiles and measuring pumps used for filling; provided, however, that there may be not exceeding one barrel in a portable tank equipped with a measuring pump, and also not exceeding one gallon for cleaning purposes; that the handling of gasoline or the opening, filling or emptying of any gasoline reservoir of an automobile while the same is contained in the within described building shall be done by daylight or incandescent electric light only.

4—That when acetylene gas is used for automobile lamps, it shall be contained in an airtight metal tank or generator, and not over one hundred (100) pounds of calcium carbide shall be kept

in the within described building, the same to be contained in watertight metal receptacles.

5—The term "gasoline" shall be held to include naphtha, benzine or any of the light products of petroleum, coal or tar, by whatever name known.

Note:—The granting of the above permits does not waive any schedule charge therefor.

(Attach usual clauses.)

BUILDING OCCUPIED AS PUBLIC AUTOMOBILE REPOSITORIES AND GARAGES

(S. E. U. A.)

\$....On the.....story.....building, with.....roof, including foundations, partitions, and all permanent fixtures attached thereto, while occupied as an automobile repository or garage, situated No.....on the.....side of.....Street, in.....

\$....On their fixed and movable machinery, including shafting, belting, hangers, connections, tools, and all appurtenances and appliances necessary to the proper conduct of a public Automobile Garage and Repair Shop, only while contained in the above described building.

\$....On.....

\$....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

Total insurance permitted warranted concurrent herewith, including this policy, as follows:

\$....on Building; \$....on Machinery; \$....on.....

It is understood and agreed that no insurance in addition is permitted to this policy unless the total insurance, including this policy, is entered in paragraph above.

It is warranted by the assured that no smoking or artificial light other than incandescent electric, or heat other than steam, hot water or hot air, shall be permitted in the same room or rooms adjoining and communicating with that in which the machines are kept, and no repairs requiring the use of artificial heat or open flame shall be made in the building.

It is further warranted by the assured that the cleaning of any automobile or its parts with gasoline or other volatile oils shall not be allowed in any building or buildings in which this policy covers; that the automobile reservoirs for storage of gasoline or other volatile oils shall be filled by daylight or incandescent electric light only, and that at no time shall there be stored any gasoline or other volatile oil in any such building where above

named machines are housed exceeding one gallon in the chamber of a measuring or similar pump, except that contained in the machine reservoirs, and that when more than ten gallons of gasoline is kept outside of any such building it shall be under ground or thirty feet removed from insured property. However, the supply tank may be buried not less than two feet underneath the basement floor, with all pipes for filling or ventilating carried outside the building. The term gasoline shall be held to include naphtha, benzine or any of the light products of petroleum by whatever name known.

(Attach usual clauses.)

PUBLIC GARAGE AND REPAIR SHOP FORM

\$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating and lighting apparatus and fixtures; also all permanent fixtures, stationary scales and elevators, belonging to and constituting part of said building; occupied as a public garage and repair shop, situated.....

\$....On all fixed and movable machinery of every description incident to the business of a garage and repair shop, including electrical apparatus, appliances and devices; hose and other fire extinguishing appliances; machinists' supplies and tools, and factory furniture and fixtures; also on office furniture and fixtures and supplies, counters and shelving, including iron safe, typewriters and cash registers, all only while contained in the above described building.

(Attach usual clauses.)

THEATRE FORM

(Uniformity West)

(Including Moving Picture Theatres)

*1 \$....On the.....story.....roof.....building, including foundations, plumbing, and stationary heating, hoisting, lighting and ventilating apparatus and fixtures therein; standpipes, outside stairs and ladders; canopies, plate and stained glass; mirrors, wall and ceiling frescoing and decorations; boilers, engines, and electrical apparatus with all their connections and appurtenances; fixed seatings, fire curtains, galleries, chandeliers, gas fixtures, and all permanent fixtures (excluding organ with operating motor) belonging to and constituting a part of said building; occupied in whole or in part as a theatre, situated.....

This insurance shall also cover under this item, if the property of owner of building, door and window screens and storm doors and windows, belonging to above described building, while attached thereto or stored therein.

*2 \$....On furniture and fixtures (excluding moving picture machines and attachments), useful and ornamental, including

wings, flats, flies, scenes, set pieces, canvas, upholstery, drop curtains; mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; pianos and other musical instruments (excluding organ with operating motor); carpenters' and mechanics' work; hose, fire extinguishers and fire apparatus; implements and tools; signs and awnings (signs and awnings covered under fire policies only); dressing room furniture and fixtures; booths; phonographs, graphophones, records, printed books, music and music rolls; floor coverings and all other furniture and fixtures; all not belonging to and constituting a permanent part of the building and only while contained in, or attached to, the above described building.

*3 \$....On organ with operating motor, only while contained in the above described building.

*4 \$....On assured's interest in improvements to the building, consisting chiefly of....., all only while contained in, or attached to, the above described building.

*5 \$....On moving picture machines and attachments, only while contained in the above described building.

*6 \$....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

This policy does not cover on moving picture films (unless specified herein), whether in or out of booth.

This policy does not cover any loss or damage to the booth, moving picture machines therein and/or other contents therein, caused by fire originating within the booth itself.

(Attach O. I. P., Mechanics, Work and Materials, Lightning and Electrical Clauses.)

MOVING PICTURE THEATRE BUILDING AND FURNITURE AND FIXTURES FORM

.....Moving Picture Theatre, located at.....
This policy covers \$.....being pro rata of total insurance.

\$....On the.....story.....roof building and its additions adjoining and communicating, occupied as.....

\$....On Moving Picture Theatre Furniture and Fixtures, including picture machines and appurtenances thereto (except films), all while contained in the above described building.

In no event shall this policy be construed to cover on films, nor will this Company be liable for any loss or damage that may occur to the contents of the picture machine booth from fire originating therein and will be liable only for such loss or damage as may occur to contents of said booth other than films as may result from fire originating at some point outside of the booth itself.

Permission is hereby given to use electricity on the premises

herein described for light or power provided the entire installation, including lamps, motors and rheostats, conforms to the requirements of the National Electrical Code (Dynamo Clause.)

TOBACCO PACK BARNs AND TOBACCO IN PACK BARNs (S. E. U. A.)

\$....On the.....story, frame,.....roof building, used byas a tobacco pack barn for the storage and handling of cured leaf tobacco only; situate on.....farm on the.....side of the.....Road.....miles from....., in.....County,

\$....On cured leaf tobacco only, while contained in the above described pack barn.

In Event of Any Claim Under This Policy:

1. The crop yield shall be computed at not exceeding.....pounds per acre under tobacco cultivation on farm described above during the year in which this policy is issued, and in case of other insurance, whether valid or invalid, the liability of this company, if any, shall be based pro rata on not exceeding.....pounds per acre. The acreage under tobacco cultivation shall be determined—in case it shall be necessary—by a competent and disinterested surveyor mutually agreed upon by the assured and this company, and the return of said acreage shall be under affidavit of the surveyor so agreed upon. One-half the expenses of any survey shall be borne by each party to this contract.

2. The assured shall submit a complete record of all tobacco removed from the building above described during the tobacco season in which this policy is issued.

3. The cash value of the leaf tobacco, covered by this policy, shall be computed at not more than the average price obtained on sales of leaf tobacco in public sales warehouses nearest to the agency issuing this policy, said sales to embrace a period of one week prior to date of fire, as per authentic official records of such warehouses; said average price to be found by dividing the total quantity sold during the period specified into the total price obtained during said period.

In Consideration of the Reduced Rate at Which This Policy is Issued, it is Warranted by the Assured:

(a) That no curing of tobacco by artificial heat will be done in the building above described or in any other building within 100 feet thereof.

(b) Brick-on-Edge, Tile, Cement or Metal Flue Warranty—That the building and additions thereto described in this policy contains no brick-on-edge, tile, cement or metal flue, and, further, that no such flue shall be erected during the term of this policy.

(c) That only closed lanterns shall be used for lights.

(Attach Noon, $\frac{3}{4}$ Value, and Lightning clauses, and limit of Additional Insurance.)

DIVISION X

FIRE POLICIES ON VESSEL PROPERTY

A very considerable amount of fire insurance as distinguished from marine insurance is carried on floating craft of various kinds in inland waters. Fire insurance on vessels is an offshoot of marine insurance, and so in some of its conditions and methods of handling it varies from fire insurance on buildings and their contents.

Marine insurance on vessels is based on an agreed valuation for the reason that the hulls of vessels and their cargoes have not a stable value as is the case of buildings and their contents, nor have they the same value in all markets. For that reason a value is fixed in advance and stipulated in the policy, and the settlement of all losses is based on the agreed valuation.

There is also the feature of general average involved in the insurance of vessels which does not come into play in fire insurance on shore. The principle of general average is of great antiquity and, expressed simply, means that what is given for the good of all shall be made good by the contribution of all, e. g., if a vessel is in danger and part of her cargo thrown overboard to lighten her, or if she is on fire and part of the cargo and hull is damaged by water in extinguishing the flames the voluntary damage and sacrifices to save the rest of the venture are made good by a contribution from all the interests benefited thereby, which usually are hull, cargo and the freight money at risk. Salvage charges are dealt with in the same way, being apportioned over the interests benefited.

Fire insurance on vessels, being a development of marine insurance, follows marine practice as regards these two features, viz., agreed valuation and general average and salvage charges, and they are expressed by special clauses in the fire policy on floating craft.

This class of insurance is written under special forms attached to the regular fire policy; and containing various clauses as follows:

The Lightning Clause and the Dynamo Clause are usually attached, the following forms being in common use:

LIGHTNING CLAUSE

This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado, or wind-storm), not exceeding the sum insured nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, that if there shall be any other insurance on said property, this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

DYNAMO CLAUSE

This insurance shall not cover any loss or damage to dynamos, exciters, lamps, motors, switches, or any other apparatus for generating, utilizing, testing, regulating, or distributing electricity, caused by electric current, whether artificial or natural.

The Vessel Fire Registry maintains inspectors at the principal ports on the Great Lakes for the purpose of inspecting all vessels applying for registration

Vessel Fire Registry	to see that the rules and requirements necessary to make them eligible are complied with and observed.
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THE VESSEL FIRE REGISTER WARRANTY

This is required on policies covering cargo carriers on the Great Lakes, except steel hulls, and reads as follows:

“In consideration of the premium for which this policy is issued, it is expressly warranted by the assured that the rules and requirements of The Vessel Fire Register are and shall be complied with and observed, and that its certificate has been obtained, and it is understood and agreed between the assured and this Company that the violation of said warranty shall render this entire policy void.”

GENERAL AVERAGE AND SALVAGE CLAUSE

“It is understood and agreed that this policy also covers salvage claims and general average charges when caused by or arising from fire and for which the vessel insured hereunder shall be legally liable; but in no case shall the aggregate amount to be paid under this policy for loss and/or damage and/or expenses of every nature exceed the amount insured hereunder.”

The Electricity Clause is used where required, the form differing in the various parts of the country.

Some form of Coinsurance or Percentage Value Clause is usually attached unless the Valuation Clause is used.

In Northern Waters pleasure boats are required to bear the following clause:

“Warranted laid up and out of commission between November 15th and March 15th.”

The following forms illustrate those in use for insuring the various classes of vessel property:

FIRE POLICY ON VESSELS

(Used for insuring Lighters, Barges, Car Ferries, Pile Drivers, Tow Boats; also on Tug Boats.)

Loss, if any, payable to.....On the.....covering the hull, engines, boilers, machinery, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies while on board.

This policy to cover said vessel only while on.....and waters tributary thereto.

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty (80) per cent. of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty (80) per cent. of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

PRIVILEGE to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, and to lay up, to use oil or electricity for lights, and to carry such passengers, freight and merchandise as it is permitted by law.

Warranted by the assured that the vessel shall be equipped and navigated according to Law, that no open lights shall be used on board except customary torches in engine and boiler rooms, signal lights and candles when trimming cargo, that coal only shall be used as fuel, except when kindling fires, without special permission from this company, and that when the vessel is laid up it shall be moored free from specially hazardous exposure.

(Attach Lightning and Dynamo Clauses.)

The foregoing form is made a valued one by substituting the following clause for the Coinsurance Clause:

It is understood and agreed between the assured and this Company that the value of the property insured hereunder for the

purposes of this insurance is \$.....and this Company shall not be liable for a greater proportion of any agreed amount of loss or damage than the amount of this policy bears to the above expressed valuation. Warranted by the assured that the total amount of insurance against fire on this property insured hereunder shall not exceed \$.....and permission is herewith given to carry that amount, including this policy.

FIRE POLICY ON DREDGES, CONTRACTOR'S PLANT, ETC.

Loss, if any, payable to.....On the.....covering the hull, engines, boilers, machinery, tools, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies, while on board.

This policy to cover said vessel only while on.....and waters tributary thereto.

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty (80) per cent. of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty (80) per cent. of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

Privilege to do all work customary for vessels of its kind and trade, to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, to lay up, to use kerosene and electricity for lights, and lubricating oils for machinery.

Warranted by the assured that no open lights shall be used on board except customary torches in engine and boiler rooms; that coal only shall be used as fuel, except when kindling fires, without special permission from this company; and that when vessel is laid up it shall be moored free from specially hazardous exposure.

(Attach Lightning and Dynamo Clause.)

The foregoing form is made a valued one by substituting the following clause for the Coinsurance Clause:

It is understood and agreed between the assured and this company that the value of the property insured hereunder for the purposes of this insurance is \$....and this company shall not be liable for a greater proportion of any agreed amount of loss or damage than the amount of this policy bears to the above expressed valuation. Warranted by the assured that the total amount of insurance against fire on this property insured hereunder shall not exceed \$....and permission is herewith given to carry that amount, including this policy.

FIRE POLICY ON VESSELS

(Used for insuring Cargo Carriers on Great Lakes)

Loss, if any, payable to.....On the.....covering the hull, engines, boilers, machinery, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies, while on board.

This policy to cover said vessel only while on.....and waters tributary thereto, against all direct loss or damage by fire. This company shall not be liable for a greater proportion of any agreed or proven amount of loss or damage with proper deduction for depreciation, however caused, than the amount of this policy bears to \$....Warranted by the assured that the total amount of insurance against fire on the property insured hereunder shall not exceed \$....and permission is herewith given to carry that amount, including this policy.

In event of loss or damage to the subject of insurance by collision, stranding, leakage, or other peril or causes not covered by this policy, followed by or with which fire is concurrent, then in settlement of said loss by fire, whether the claim be for partial or total loss, this company shall be liable only for the like proportion after deducting the amount of damage so caused by the previous or concurrent cause, and further provided that in no event shall this company be responsible for any part of the expense of taking said vessel to a port or place of repair unless the necessity therefor arises solely from fire, and then only when the cost of such removal has been approved by the representative of this company.

And it is further agreed, in event of total loss, that on payment the insured will, on request, transfer to this company, or as it may direct, the said vessel and all appertaining thereto, so far as covered by this policy, in the proportion which the sum paid hereunder bears to the total amount paid.

PRIVILEGE to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, and to lay up, to use oil or electricity for lights, and to carry such passengers, freight, and merchandise as it is permitted by law.

Warranted by the assured that the vessel shall be equipped, manned, and navigated according to law; that no open lights shall be used on board except customary torches in engine and boiler rooms, signal lights, and candles when trimming cargo; that coal only shall be used as fuel, except when kindling fires, without special permission from this company; and that when the vessel is laid up it shall be moored free from specially hazardous exposure.

GENERAL AVERAGE AND SALVAGE CLAUSE.—It is understood and agreed that this policy also covers salvage claims and general average charges when caused by or arising from fire and for which the vessel insured hereunder shall be legally liable, in proportion as the amount insured hereunder bears to the valuation expressed herein.

TOTAL LIMIT OF LIABILITY CLAUSE.—In no case shall the aggregate amount to be paid under this policy for fire and water or other loss, damage, and/or expenses caused by or arising from fire, general average, salvage, and/or removal to port of repair, and all other claims and expenses, exceed the amount insured under this policy.

CHICAGO STANDARD TIME CLAUSE.—Wherever in this policy any mention is made of any hour of the day or night, the same shall refer to Chicago (or Central) Standard Time.

(Attach Lightning and Dynamo Clauses.)

GASOLINE FORM

(Used for insuring Commercial Boats—Gasoline for Power)

Loss, if any, payable to.....On the gasoline boat.....covering the hull, motors, machinery, tackle, apparel, boats, furniture, fixtures, appurtenances, equipment, stores, and supplies while on board.

Warranted by the assured that this vessel be confined to.....

Privilege to haul out and to go out of commission; to go on dry dock and ways; to make ordinary alterations and repairs; to use kerosene, alcohol, and electricity.

Permission to have on board guns and ammunition for saluting and sporting purposes.

Permission is hereby granted to use gasoline or naphtha for generating power only, and to carry same in proper tanks; in consideration for which the assured agree to use due diligence in maintaining free from leak at all times, the tanks, piping, valves, carburetor, and all other parts of the installation, and when the boat is laid up and out of commission, to remove all gasoline or naphtha from the boat.

Privilege to do all work incidental to its trade.

Warranted by the assured that the vessel be equipped and navigated according to law.

(Attach Lightning and Dynamo Clauses.)

GASOLINE YACHT FORM

(Used for insuring Pleasure Boats—Gasoline Power)

.....On the.....covering the hull, motors, machinery, ballast, spars, sails, rigging, blocks, boats, charts, furniture, fittings, fixtures, bedding, cushions, linen, silver and plated ware, crockery, glassware, cooking utensils, provisions and supplies of every description, flags, nautical instruments, and all appurtenances, while on board.

Warranted by the assured that this yacht be confined to.....

Privilege to haul out and to go out of commission; to go on dry

dock and ways; to make ordinary alterations and repairs; to use kerosene, alcohol, and electricity.

Permission to have on board guns and ammunition for saluting and sporting purposes.

Permission is hereby granted to use gasoline or naphtha for generating power only, and to carry same in proper tanks; in consideration for which the assured agree to use due diligence in maintaining free from leak at all times, the tanks, piping, valves, carburetor, and all other parts of the installation, and when the boat is laid up and out of commission, to remove all gasoline or naphtha from the boat.

Warranted to be used solely for private pleasure purposes, not to be hired or chartered unless approved and permission endorsed hereon.

It is understood and agreed that not exceeding ten per cent. (10%) of this insurance shall apply on movables belonging to this vessel while stored ashore, and when so applying the same amount shall cease to cover on board.

(Attach Lightning and Dynamo Clauses.)

Note:—In Northern waters the following clause required: "Warranted laid up and out of commission between Nov. 15th and March 15th."

YACHT FORM

(No Power)

(Used for insuring Sail Boats, either Pleasure or Commercial)

.....Loss, if any, payable to.....On the.....covering the hull, ballast, spars, sails, rigging, blocks, boats, charts, furniture, fittings, fixtures, bedding, cushions, linen, silver and plated ware, crockery, glassware, cooking utensils, provisions, and supplies of every description, flags, nautical instruments, and all appurtenances, while on board.

This policy to cover only while on.....and waters tributary thereto.

Privilege to lay up either afloat or ashore, to haul out, to go on dry dock, to make ordinary alterations and repairs, to use kerosene for lights, and to carry gunpowder (not exceeding ten pounds) in tin cans for sporting and saluting.

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty (80) per cent. of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty (80) per cent. of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

It is further understood and agreed that \$....or....per cent. of this insurance shall apply on movables belonging to this vessel while stored ashore at the place where said vessel is laid up, and when so applying shall cease to cover on board.

(Attach Lightning and Dynamo Clauses.)

LAUNCH OR YACHT FORM

(Private)

(*Uniformity West*)

*1 \$....On the.....roof.....boat house, situated.....
State of.....

*2 \$....On the.....power.....named.....(to be used exclusively as a private pleasure boat), her hull, and upper works; boilers, engines, motors, machinery; ballast, spars, sails, rigging, blocks, flags; furniture, fittings, fixtures; bedding, cushions, linen; silver and plated ware, crockery, glassware; cooking utensils, provisions and supplies; wearing apparel, watches and jewelry in use; charts and nautical instruments, and all other appurtenances; all while on board said vessel, while contained in the above described boat house or while navigating the waters of.....all inclusive, also all inland waters tributary to above named waters, and while laying up or stopping at any place within the above described limits. Any deviation beyond the limits named herein shall render this policy void only during the time the vessel is outside the said limits, and upon the safe return of the vessel within said limits this policy shall re-attach in full force and effect.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Privilege to lay up either afloat or ashore; to haul out; to go into dry dock and on ways; to use kerosene or coal stove.

The use of naphtha, gasoline or benzine on board said vessel for any purpose other than propulsion is prohibited under this policy.

There shall be no naphtha, gasoline or benzine on board said vessel, either when laid up and out of Commission or when stored in the above described boat house.

(Attach Permit to keep gasoline in boat house, and Lightning Clause.)

CARGO FORM

Loss if any, payable to.....on cargo of.....owned, or held in trust by the assured, or on commission, or in joint account with others, or sold but not removed, for which the assured may be liable, while contained on board the.....

This policy covers only while vessel is on.....

COINSURANCE CLAUSE

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than.....per cent. of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said.....per cent. of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

(Attach Lightning and Dynamo Clauses.)

DIVISION XI

MARINE INSURANCE

Marine insurance is said to have originated with the Greeks and has accumulated a wealth of customs, traditions and terminology that is bewildering to those not familiar therewith.

There is perhaps no branch of the insurance business in which it is so necessary to have technical knowledge, training and experience. This is especially true because there are few standards agreed upon and observed by all marine underwriters and because most rates are not fixed either by schedule or by agreement. In other words, marine insurance is a free market and each line placed is largely a matter of individual negotiation. An attempt to cover even the barest outline in a short statement would be futile, but it may prove helpful to give a few features to be cared for in placing such business.

There are three general classes of marine insurance—namely, cargo, hulls and freights. There are two forms of cargo insurance commonly used in this country known as “export” policies and “import” policies. In placing export policies care should be exercised that the ownership is properly described, that the policy states to whom loss is payable, what interest is insured, whether goods are shipped under or on deck, if insured with average or subject to fpa English conditions and whether risk of breakage, leakage, or of theft and pilferage are to be covered; also loss or damage by sweat, steam of hold or fresh water damage and/or by coming in contact with other cargo; also whether from original point of shipment through to the final point of destination or from and to some intermediate points. If there are any transshipments by rail, water or coastwise steamers, this should be plainly indicated. The valuation should be expressed at the selling price, plus a given percentage, for profits, or increased value, are intended to be covered in cargo insurance policies. If freight is prepaid the same should be noted in the valuation, or if shipment is made under a bill of lading freight guaranteed, vessel lost or not lost, this should also be indicated. The policy should

so state if it covers freight payable at destination and custom duties assessable on the goods, for in adjusting a partial loss the insured would be uninsured for the portion of the loss falling on these interests if they were not specifically covered.

If there is an additional risk while goods are being held at destination in the Custom House, this should be protected as under the warehouse to warehouse clause this feature would not be covered. Where open policies are written the largest expected amount on any one shipment on any one steamer should be stated for that is the limit for which the company is liable in any one disaster.

On import policies the same features should be cared for as on export shipments, except that on shipments arriving from foreign countries the invoices are usually made out in foreign currencies and it is best to have a fixed value given to the pound, franc, mark or other currency in which the value is stated.

**Import
Policies**

Open policies are issued to importers for the purpose of giving them general insurance protection for goods which may be shipped to them, or for which they may be liable, although they have had no previous advices; also for goods shipped by steamer, name of which is unknown. The insured is, however, under obligation to notify the company whenever he knows of shipments that are to be made or the method of shipment, and in the case of goods shipped under letter of credit to give the name and number thereof.

**Open
Policies**

In covering freight interests it is customary to use the expression "valued at the amount of charter party or at amount of freight list" and policy should otherwise give the nature of the cargo and whether shipped on or under deck.

**Freight
Interests**

There are various forms of policies for insuring hulls, the ones most commonly used in this country being known as the American Hull Form for steel steamers navigating ocean waters; the Boston Schooner Form for sailing vessels and the Yacht Form for pleasure craft. The principal caution exercised in writing this class of business is to see that the ownership is properly expressed, any mortgage interest noted, valuation definitely stated and the waters in which vessel expects to navigate duly described.

**Hull
Policies**

DIVISION XII

COTTON AND COTTON SEED

Cotton, the great staple of the Southern States, is insured as such in various stages from the time it is picked until it reaches the machines to be made into cloth or other articles. When first picked it is weighed in at the field cotton houses or sheds and then taken to the gin house, being known as seed cotton up to the time it is ginned, since it contains the seed.

The forms given hereafter are to illustrate the wording of the various covers on cotton, gins and cotton seed oil mills and are arranged about in the order in which cotton is handled and insured. The various forms contain references to certain clauses in use and these are printed separately to avoid repetition. Each form shows which clauses are customarily attached.

The first insurance placed is to cover the cotton during the interval between the time it is picked and the time it is put in the gin house, this being customary on the larger plantations.

There are other forms prescribed in certain States, but those given are typical of the ones in common use.

Loss Payable (S. E. U. A.)—The property covered by this policy may be pledged without notice as collateral security for loans or advances, but loss, if any, under this policy shall be adjusted with the assured, and is payable only to the assured, or their order, endorsed on or attached to this policy, subject, however, to all the conditions of this policy.

Loss Payable Clause (Louisiana)—It is agreed that any loss or damage ascertained to be due to the assured under this policy shall be payable to assured's order, but this insurance shall be void if such order be made (without written consent of this company) for other than collateral purposes.

Cotton Co-Insurance Clause (S. E. U. A.)—It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the assured shall

at all times maintain insurance on each item of property insured by this policy of not less than the actual cash value thereof, and that, failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss.

Cotton Co-Insurance Clause (Louisiana)—"It is understood and agreed that the assured shall at all times maintain insurance on the property insured by this policy, and on each item of the same, equal to the actual cash value thereof and that failing so to do, the assured shall be an insurer to the extent of such deficit and in that event shall bear his, her or their proportion of any loss on such property; and this Company shall be liable for not exceeding such proportion of loss or damage as the amount insured by this policy shall bear to the actual cash value of such property at the time of the fire, in all localities covered by this policy.

"It is further understood and agreed that if this policy covers at more than one place or location (and within the meaning of this clause each warehouse, yard or platform is understood to be a separate location), then the whole amount of insurance named herein shall be distributed and apply in each location as the value of the property insured in each location bears to the total value of the property insured in all localities."

Reduced Rate Contribution Clause (Oklahoma)—In consideration of the rate at (and) or form under which this Policy is written, it is expressly stipulated and made a condition of this contract, that this Company shall be held liable for no greater proportion of any loss than the amount hereby insured bears to the actual cash value of the property described herein at the time when such loss shall happen; but if the total insurance upon such property exceeds the actual cash value at the time of such loss, then this company shall only be liable for the proportion which the sum hereby insured bears to such total insurance.

If this Policy be divided into two or more items the foregoing conditions shall apply to each item separately.

Co-Insurance Clause (Arkansas)—It is understood and agreed that the assured shall at all times maintain insurance on the property insured by this policy equal to the actual cash value thereof and that failing so to do, the assured shall be an insurer to the extent of such deficit and in that

event shall bear his, her or their proportion of any loss on such property; and this Company shall be liable for not exceeding such proportion of the loss or damage as the amount insured by this policy shall bear to the actual cash value of such property at the time of fire, in all localities covered by this policy.

It is further understood and agreed that if this policy covers at more than one place or location (and within the meaning of this clause each warehouse, yard or platform is understood to be a separate location), then the whole amount of insurance named herein shall be distributed and apply in each location as the value of the property insured in each location bears to the total value of the property insured in all locations.

Co-Insurance Contract (Tennessee)—In consideration of the rate at and (or) form under which this policy is written, it is expressly stipulated and made a condition of this contract, that the assured shall at all times maintain insurance on each item of property insured by this policy to the extent of at least one hundred per cent (100%) of the actual cash value thereof, and that failing to do so, the insured shall be a co-insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss.

One Hundred Feet Clear Space Clause (S. E. U. A.)—Warranted by assured that a clear space of not less than 100 feet will at all times be maintained between cotton insured hereunder and any Gin House or other special hazard.

A bale of cotton often has several changes of ownership without change of location. Law and custom differ as to what constitutes delivery in such cases, hence the use of Ownership Clauses.

Ownership Clause (Oklahoma)—It is a condition of this insurance, that only actual payment by cash, check or otherwise, together with the passing of a written delivery order, and a transfer to purchaser named on books to be kept for that purpose by the management of the gin, compress, warehouse or yard where said cotton is stored, shall constitute delivery of cotton purchased from seller to buyer; and that tickets, checks or receipts for cotton deliverable to bearer shall not be considered full evidence of ownership, but must be verified by written delivery order and transfer on books as hereinbefore provided.

Ownership Clause (Arkansas)—It is understood and agreed to be a condition of this insurance, that only actual payment by cash, check or otherwise, together with the passing of a written delivery order and a transfer to purchaser named on books to be kept for that purpose by the management of the compress, warehouse or yard where said cotton is stored, shall constitute delivery of cotton purchased from seller to buyer; and it is further agreed that tickets, checks or receipts for cotton deliverable to bearer shall not be considered full evidence of ownership, but must be verified by written delivery ordered and transfer on books as hereinbefore provided.

Ownership Clause (Tennessee)—It is made a condition of this insurance that only actual payment by check or otherwise shall constitute delivery of cotton from the seller to the buyer.

Record Warranty (Louisiana)—It is warranted that the assured will keep books showing a complete and correct record of all cotton under the protection of this policy, which record shall show weight, location stored, receipts and shipments, and in case of baled cotton the mark or number of each bale; and in case of loss or damage the assured will produce such record for the examination of this company, otherwise this entire policy shall be null and void.

Daily Record Clause (Oklahoma)—The assured under this policy hereby covenants and agrees to keep a set of books showing a complete daily record of all cotton and cotton seed handled; together with a complete daily record of all cotton put into the gin or cotton house, and all cotton taken from the gin or cotton house; and all cotton seed put into the gin or seed house, and all cotton seed taken from the gin or seed house; also a record showing baled cotton stored on premises described herein, such record to include date at which each bale of cotton covered under this policy was purchased or received and from whom purchased or received, together with original tag number or mark thereon with its weight and classification; also complete daily record of shipments or sales of baled cotton, showing to whom shipped or sold with the date of shipment or sale, together with original tag number, or mark, weight and classification of each bale; and in case of loss the assured agrees and covenants to produce such books and records; and in the

event of failure to comply with any of the conditions of this clause, this policy shall be null and void.

Record Clause (Arkansas)—The assured under this policy hereby covenants and agrees to keep a set of books, showing a complete daily record of all cotton handled, which record shall include the date at which each bale of cotton covered under this policy was purchased or received, from whom purchased or received, in what compress, warehouse or yard stored, together with the original tag number or mark thereon, with its weight and classification, and a complete daily record of all shipments or sales, showing to whom shipped or sold, with date of shipment, from what warehouse, compress or yard so shipped, and the original tag number or marks, weight and classification of each bale and such complete record shall also show all removals from one location covered hereby to any other location, whether covered hereby or not, and in case of loss the assured agrees and covenants to produce such books and records and in the event of failure to produce the same this entire policy shall be null and void.

Cotton—Right of Replacement Notice (Louisiana)—Notice is hereby given that in the event of loss under this policy, the company has the right as provided under the printed conditions of this policy to replace with cotton of like kind and quality the cotton that may be damaged or destroyed by fire.

Replacement clause (Arkansas)—It is understood and agreed that the basis for adjustment of any claim for loss or damage to the property covered by this policy shall not exceed the actual cash value of such property at the time of the loss and at the place of fire, which cash value shall in no event be greater than it would then and there cost to replace the property damaged or destroyed with property of the same kind and quality.

Standard Time Clause (S. E. U. A.)—It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

Cotton (Prohibition of Smoking) (S. E. U. A.)—Warranted by the assured that no smoking will be allowed in the warehouse, compress, platform or yard described in the within policy.

Cotton Storage Warranty (S. E. U. A.)—The following is hereby agreed and understood to be a condition of this insurance and a warranty on part of the assured, viz.: For and in consideration of a reduction in rate of premium given by reason hereof, not more than.....bales will be stored in any one compartment of the within described building at any one time, and the cotton will not be stored or piled over.....bales.....and in case cotton is piled, there will be maintained a clear space of.....inches between top of cotton and automatic sprinklers at all times; and no cotton will be left on platforms, in yards or in courts adjoining the above described warehouse between the hours of 8 p. m. and 6 a. m.

Sample and Weight Clause (S. E. U. A.)—(Warranty to sample and weigh each bale of cotton, and to produce such sample and record of weight in case of loss)—the following covenant and warranty is hereby made a part of this policy:

1. The assured will take sample of, and record the weight of, each bale of cotton insured under this policy, and unless such sample has been taken, and weight recorded, this policy shall not be in effect, but shall be null and void until such sample has been taken and weight recorded.

2. The assured will keep such samples and record of weights in some place not exposed to a fire which would destroy the cotton insured.

In the event of failure to produce such samples and record of weights for the inspection of this Company, this policy shall become null and void, and such failure shall constitute a perpetual bar to any recovery thereon.

COTTON GIN FORM (OKLAHOMA)

(Stock Only)

\$....On cotton ginned and unginned, baled and unbaled, seed cotton, cotton seed, including sacks or packages containing same, and bagging and ties; their own, or held by them in trust, or on commission, or sold but not delivered, or being ginned, or handled for assured's own account, or for the account of others and for which the assured may be liable in case of loss; all only while contained in cotton houses or sheds, seed houses or sheds, and while passing through the cotton gin, and while in wagons on premises, or in gin yard on premises; and, provided bill of lading has not been signed for same, this policy shall also cover such property in and on cars within two hundred feet of gin premises.

All of the above described property being located on premises known as.....gin.....situated.....Town of.....County of.....State of Oklahoma.

Other concurrent insurance permitted.

Permission to make alterations and repairs for not exceeding thirty (30) days at any one time, which shall include the fifteen (15) days granted in printed conditions of Policy.

Permission to use electricity for light, heat and power in the within described premises.

Caution:—See that the entire electrical equipment is installed and maintained in full compliance with the standard requirements of the National Electrical Code, copy of which may be obtained of your insurance agent.

No smoking shall be permitted on the within described premises.

In the event of cancellation by the assured not less than two months' premium shall be retained by the company, at gin house card rates.

Any loss under this Policy that may be proved due the assured shall be payable to the assured and.....

(Attach Ownership, Daily Record, Lightning and R. R. Contribution Clause.)

FOR "ORDINARY" GINS ONLY

(S. E. U. A.)

1. \$....on.....story frame.....roof building, occupied as a Gin House, run by.....power, situate on.....plantation in County of.....State of.....about.....

2. \$....on.....Saw Gin-stands therein, not exceeding \$....on each.

3. \$....on.....Condensers therein, not exceeding \$....on each.

4. \$....on.....Feeders therein, not exceeding \$....on each.

5. \$....on.....Gin Gearing, Belting and Shafting therein.

6. \$....on.....Cotton Ginned and Unginned therein.

7. \$....on.....Cotton Seed therein.

8. \$....on.....Engine and Boiler, located.....

9. \$....on.....Water-wheel.

10. \$....on.....Grist Mill therein.

11. \$....on.....Cotton Press, located.....

\$.....

No additional insurance permitted unless the amounts are inserted by Agent of this Company in the blank spaces noted below, viz.: \$....on item No. 1; \$....on item No. 2; \$....on item No. 3; \$....on item No. 4; \$....on item No. 5; \$....on item No. 6;

\$....on item No. 7; \$....on item No. 8; \$....on item No. 9;
\$....on item No. 10; \$....on item No. 11.

THREE-FOURTHS VALUE CLAUSE.—It is understood and agreed to be a condition of this insurance that, in the event of loss or damage by fire to the property insured under this policy, this company shall not be liable for an amount greater than three-fourths of the actual cash value of each item of property insured by this policy (not exceeding the amount insured on each such item) at the time immediately preceding such loss or damage; and in the event of additional insurance—if any is permitted hereon—then this company shall be liable for its proportion only of three-fourths of such cash value of each item insured at the time of the fire not exceeding the amount insured on each such item.

Assured also warrants each of the succeeding clauses in this form and the statements and undertakings therein, and agrees that the breach of any one or more of said statements or undertakings shall render this policy null and void.

Each item or subject of insurance under this policy (other than the building or buildings) is, for the purpose of this contract of insurance, to be treated and considered to mean personal property.

OWNERSHIP AND TITLE.—That the assured is the sole and undisputed owner, absolutely and in fee simple, of the land on which these buildings stand, and it is not mortgaged or leased.

RUNNING OF THE GIN.—That the property hereby insured will be in active operation during the ginning season, and that it is not idle property.

CONDENSERS.—That condensers will be used when gin is in operation.

SMOKING PROHIBITED.—That he does not, and will not, permit smoking in and about the Gin House.

NIGHT WORK PROHIBITED.—That the use of artificial light without special permit endorsed on this policy, or the operating or repairing of machinery at night, is absolutely prohibited.

LIGHTS.—When permission for night work is granted, that the use of lights other than closed lanterns, filled by daylight only and outside the building, is prohibited.

BOILER.—That the boiler and smokestack of same is sound and securely braced and rises above the highest point of the roof.

WATER TO BE KEPT.—That an iron-bound barrel and two buckets, each always filled with water, shall be continuously kept within ten feet of each Gin Stand and Press, and in the same room therewith, to be used in case of fire.

COTTON RECORD.—That the assured will keep a book containing a faithful record of all cotton put into and taken from the gin or cotton house, and that such record will be produced in case of loss.

INCENDIARISM.—That so far as assured knows or believes, there are no threats, nor any danger of incendiarism, and that he has no reason to suspect any, and that no such serious disagreement

has arisen with employees or tenants of the old force or the present as to produce threats or apprehensions of incendiary danger.

CANCELLATION.—That in the event of cancellation by the assured, not less than six months' premiums on gin house and machinery shall be retained by the Company, and not less than two months' premium on cotton or seed, at gin house card rates.

MIXED HAZARDS.—That there is no Flour Mill, Saw Mill, Planing Mill, Cotton Seed Oil Mill, or any manufacturing risk, except Grist Mill, connected with the Gin House, or within 100 feet thereof.

Special reference being had to assured's application, which is made a warranty and part thereof.

COTTON GINS (System)

(Warranted to Have an Improved System Gin)

(S. E. U. A.)

1. \$....On.....story building, built of.....with..... roof, while occupied only as a gin house.

2. \$....On cotton ginning machinery of all kinds in use (excepting engine, boiler and fittings and round bale press), consisting of gin stands, feeders, condensers, dust and lint flues, square bale presses and appurtenances, suction elevator, fan, vacuum boxes, distributors, piping, pulleys, seed blowers, seed feeders, conveyors, shafting, belting, hangers, journals, tools, scales and hose; all only while contained in above described gin house building.

3. \$....On grist mill contained in above described gin house building.

4. \$....On boiler room, built of....., with.....roof, situated.....feet from the above described gin house.

5. \$....On engine and boiler and settings, pumps, smokestacks and heater only while contained in above described boiler room and/or gin house.

6. \$....On.....story cotton house, built of....., and covered with....., situated.....feet from the above described gin house.

7. \$....On assured's cotton, ginned and unginned, only while contained in said cotton house.

8. \$....On cotton ginned and unginned, held in trust or on commission, for which assured may be liable only while contained in said cotton house.

9. \$....On.....story seed house, built of....., and covered with....., situate.....feet from the above described gin house.

10. \$....On assured's cotton seed only while contained in said seed house.

11. \$....On.....

\$....Total.

All of the above described property being situated.....

Attach following clauses as in Ordinary Gin Form:—Total Insurance Permitted, $\frac{3}{4}$ Value (all items but 7, 8 and 10), Ownership and Title and Warranty clauses, and in addition the following:—Cotton Coinsurance (Items 7 and 8), 80% Coinsurance (item 10), Night Work Prohibited, Cotton Record and Mixed Hazards clauses; and

NON-STORAGE OF COTTON.—That cotton shall not be stored in the gin house, except by special permission endorsed hereon, otherwise this policy shall be null and void.

WINDOWS AND OPENINGS TO BE KEPT CLOSED.—That all windows and door openings in the gin house shall be securely locked, boarded and/or nailed up during the period when gin is not operating.

PROFITABLE.—That the property has been profitable and that assured has every reason to believe that it will so continue.

RUNNING OF THE GIN.—That the gin hereby insured will be in active operation during the ginning season within the life of this policy and will not be idle during such period.

CLEANED.—That every part of the plant, particularly the gin stands, has been, or will, before beginning of operations, be thoroughly cleaned and shall, during any ginning season, while the policy exists, be kept clean and in good working order.

SMOKING PROHIBITED; ALSO GINNING OF WET COTTON.—The assured does not, and will not, permit smoking on or about the premises, and will not permit the ginning of wet cotton.

ELEVATOR SYSTEM.—That no elevator system shall be used where the cotton passes through the fan.

BOILER.—That the boiler is stationary and not portable, and smokestack of same is sound and securely braced and rises above the highest point of the roof.

WATER TO BE KEPT.—That one iron-hooped barrel full of salt water and two metal buckets shall be continually kept within ten feet of each gin stand, and in same room therewith, to be used in case of fire.

CANCELLATION.—That in event of cancellation by the assured, the company shall retain not less than six months premium on policies covering buildings and machinery and not less than two months premium on policies covering gin products at Gin Short Rates. Union Short Rate Table charges applicable to policies covering only on cotton in bales.

Special reference being had to assured's application, which is made a warranty and part hereof.

STANDARD TIME CLAUSE.—It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

COTTON IN BALES ON PLANTATION OR IN COUNTRY

(S. E. U. A.)

(With One Hundred Feet Clear Space Clause)

\$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, contained in, and/or on premises of.....situate.....

ONE HUNDRED FEET CLEAR SPACE CLAUSE.—Warranted by assured that a clear space of not less than 100 feet will at all times be maintained between cotton insured hereunder and any Gin House or other special hazard.

SAMPLE AND WEIGHT CLAUSE.—(Warranty to sample and weigh each bale of cotton, and to produce such sample and record of weight in case of loss)—the following covenant and warranty is hereby made a part of this policy:

1. The assured will take sample of, and record the weight of, each bale of cotton insured under this policy, and unless such sample has been taken, and weight recorded, this policy shall not be in effect, but shall be null and void until such sample has been taken and weight recorded.

2. The assured will keep such samples and record of weights in some place not exposed to a fire which would destroy the cotton insured.

In the event of failure to produce such samples and record of weights for the inspection of this Company, this policy shall become null and void, and such failure shall constitute a perpetual bar to any recovery thereon.

Any loss that may be ascertained and proven to be due the assured under this policy, shall be held payable to.....as interest may appear, subject, nevertheless, to all the terms and conditions of this policy.

(Attach Cotton Co-Insurance, Lightning, Standard Time and O. I. P. clauses.)

BALED COTTON, SEED COTTON AND COTTON SEED ON GINNERY PREMISES

(S. E. U. A.)

\$....On cotton ginned and unginned, baled and unbaled, seed cotton, cotton seed, including sacks or packages containing same, and bagging and ties, only while contained in cotton houses or sheds, seed houses or sheds and while passing through the cotton ginnery and while in wagons on premises, or on the ginnery yard or premises; also in or on cars within two hundred feet of gin premises. This insurance attaches on cars only when bill of lading has not

been signed. Their own or held by them in trust or on commission or sold but not delivered, or being ginned or handled for assured's own account, or for the account of others and for which the assured may be liable.

\$....On cotton seed, including sacks or packages containing same, only while contained in the seed houses or sheds and while in wagons on premises, or on ginnery yard or premises; also in or on cars within two hundred feet of gin premises. This insurance attaches on cars only when bill of lading has not been signed. Their own or held by them in trust or on commission or sold but not delivered, or being ginned or handled for assured's own account, or for the account of others and for which the assured may be liable.....

All of the above described property being located on the premises known as.....ginnery in the town of.....County ofState of.....

Other insurance, warranted concurrent herewith, permitted without notice until required.

Any loss that may be ascertained and proven to be due the assured under this policy shall be held payable to.....as interest may appear, subject, nevertheless, to all the terms and conditions of this policy.

(Attach Cotton Co-Insurance (Item 1) 80% Co-Insurance (Item 2), Replacement, Lightning and Standard Time clauses.)

COUNTRY COTTON FLOATER—UNLIMITED

(L. F. P. B.)

(On Plantation and Awaiting Shipment)

\$....On cotton, ginned and unginned, baled and unbaled, his own or held in trust or on commission, for which assured may be liable. All while contained in the Cotton House, in or around the Gin House, or on the premises of the assured or in transit, from the plantation of assured to any railroad or river landing, and to cover at such railroad point or landing until bill of lading has been issued, but in no event to cover after such bill of lading has been issued.

All of the above property being situated.....

It is also understood and agreed that this company shall be liable only for such proportion of the whole loss as the amount of this insurance bears to the cash value of the whole property hereby insured at the time of the fire.

Other concurrent insurance permitted.

(Attach Record Warranty, Cotton—Right of Replacement Notice, Loss Payable Clause.)

CLOSE WAREHOUSE and/or COMPRESS*(S. E. U. A.)*

\$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, only while contained in the.....story.....building, with.....roof, situated No.....on the.....side ofStreet, Block No....., known as.....Warehouse and/or Compress, in.....

This insurance is effected subject to the following conditions, which are accepted as parts of this contract:

(Attach Co-Insurance,, Replacement and Standard Time clauses and O. I. P. and other usual clauses.)

OPEN WAREHOUSE AND/OR COMPRESS*(S. E. U. A.)*

Same as foregoing form with the following clause added:

Warranted by the assured that no cotton will be left outside of sheds or beyond the apron of roof in the court at night or on Sundays and holidays. And at all times, while cotton is being kept or handled in open court, a clear space of not less than eight feet shall be maintained between the cotton in open court and apron of roof.

COTTON COMPRESS BUILDINGS AND MACHINERY*(Specific) (S. E. U. A.)*

\$....On their.....Compress Building, with.....roof and Cupola, and so much of platforms as are under said roof.

\$....On their platforms not covered by said Compress roof.

\$....On their compress, machinery, boilers, smokestacks, drums, heaters, pumps, water tanks and all connections, including foundations and settings.

\$....On their compress tools, trucks, scales, hose, furniture and fixtures, fuel and supplies. All while contained in the above described building or on premises of Compress Company, situatedin.....

(Attach Other Concurrent Insurance, Full Coinsurance, Mechanics, Electric, Lightning and Dynamo, Cease Operations, No Smoking, and Subrogation clauses.

COMPRESS FORM (BLANKET)*(S. E. U. A.)*

\$....On the Buildings and Structures constituting their entire Plant, used for Compress and Warehouse purposes; and on Compress and other Machinery and their spare parts and repairs;

Boilers, Engines, their appurtenances and connections, Smoke-stacks, Drums, Water Tanks, Pumps and other power equipment; fire extinguishing apparatus, including hose, automatic sprinkler system, electrical equipment for power and lighting; Office, Compress and Warehouse Furniture and Fixtures and Supplies; Trucks, Tools, Scales, Signs, Awnings, Fuel and Supplies used in and with their business; all while contained in buildings or on premises of the Compress Company, situated.....in.....and known as.....

Buildings described above are built of.....with.....roof.

In the event that an aggregate claim for any loss is less than Ten Thousand Dollars (\$10,000) (provided, however, such amount does not exceed five per cent (5%) of the total amount of insurance upon the property described herein and in force at the time such loss occurs) no special inventory or appraisal of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

LIGHTNING AND ELECTRICAL APPARATUS CLAUSE.—This policy also covers direct loss or damage to the property insured, by lightning (meaning thereby the commonly accepted use of the term "lightning," and in no case to include loss or damage by cyclone, tornado or windstorm) whether fire ensues or not; it being made a condition of this contract that any loss or damage to dynamos, excitors, lamps, switches, motors or other electrical appliances or devices, such as may be caused by lightning or other electrical currents, artificial or natural, is expressly excluded, and that this Company is liable only for such loss or damage to them as may occur in consequence of fire, originating outside of the appliance or device itself. It is also a condition of this contract that if there is other insurance upon the property damaged this Company shall be liable only for such proportion of any direct loss or damage by lightning (except as above stated) as the amount hereby insured bears to the whole amount insured thereon, whether such other insurance contains a similar clause or not.

(Attach same clauses as in preceding form.)

LIMITED FLOATER

(S. E. U. A.)

\$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, contained in the following specifically described Warehouses, Compresses and Wharves, including sidewalks, platforms and streets adjacent thereto; also while in transit through streets between localities named herein, namely:.....all situated in the city of.....

It is understood and agreed to be a condition of this insurance that this policy shall cover cotton at Compresses, the fact of bills of lading having been signed for the same notwithstanding.

(Attach Co-Insurance, Replacement and Standard Time clauses.)

GENERAL FLOATER

(S. E. U. A.)

\$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, in all or any of the Stores, Presses, Warehouses, Sheds, Yards, Railroad Yards and Wharves (.....excepted), or while in transit in or while on any of the streets in.....

It is understood and agreed to be a condition of this insurance that this policy shall cover cotton at any of the presses (.....excepted), the fact of bills of lading having been signed for the same notwithstanding.

(Attach Co-Insurance, Replacement and Standard Time clauses.)

GENERAL FLOATER

(L. F. P. B.)

COVERING WITHIN ENTIRE STABLE

\$....On cotton in bales, their own or held by them in trust, or on commission, or purchase for their account by agents of the assured wherever the said cotton may be within the State of.....

Subject to the following conditions, viz.:

1. It is understood and agreed that cotton is not covered while in or on the premises of the.....

2. There shall be no liability under this policy for cotton while in the custody of common carriers.

3. It is understood and agreed that this Company shall not be liable in excess of.....per cent of the amount insured under this policy by reason of any one fire.

4. It is also agreed and understood to be a condition of this insurance that this policy shall not apply to or cover any cotton which may at the time of loss be covered in whole or part by or under protection of any Marine Insurance Company, and further, it is understood and agreed that the assured shall at all times maintain insurance on the property insured by this policy equal to the actual cash value thereof, and on each item of the same, and the failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss on such property, and this Company shall be liable for not exceeding such proportion of the loss or damage as the amount insured by this policy shall

bear to the actual cash value of such property at the time of the fire in all localities covered by this policy.

Other insurance, concurrent herewith, permitted without notice until required.

COTTON FORM

(L. F. P. B.)

TRANSPORTATION LINE'S LIABILITY IN COMPRESS

\$....On their liability for loss or damage by fire to cotton in bales while in the custody of the hereinafter named Compress Company or Companies, for the account of this assured, including (except) cotton loaded and/or being loaded on cars for which cotton no bill of lading, or compress receipt exchangeable by its terms for a bill of lading, has been issued; all while contained in any of the compresses, sheds, platforms and/or yards on their premises and/or on grounds immediately adjacent thereto and in cars on switch tracks of said Compress Company or Companies, situate at and known as.....Louisiana.

It is hereby agreed that the existence of a chattel mortgage covering the cotton itself shall not constitute an avoidance of this policy.

(Attach Cotton Co-Insurance Clause.)

COTTON FORM

(L. F. P. B.)

COMPRESS LIABILITY TO TRANSPORTATION LINES

\$....On their liability to the transportation line or lines, hereinafter named, by virtue of a mutual contract between this assured and the said transportation line or lines, for loss or damage by fire to cotton in bales in the custody of this assured, for the account of such transportation line or lines including (except) cotton loaded and/or being loaded on cars for which cotton no bill of lading, or compress receipt exchangeable by its terms for a bill of lading, has been issued; all while contained in the compress or compresses, sheds, platforms and/or yards or the premises and on the grounds immediately adjacent thereto, and in closed cars on the switch tracks of said Compress Company, situate at.....

(Attach Cotton Co-Insurance Clause.)

Note:—If it be desired, the above form may be used to cover cotton in different compresses in several localities or towns, but at rate not less than 6 per cent.

When this form is used to cover in more than one compress, to be subject to the following clause, viz.:

"It is understood and agreed that this company shall not be liable in excess of.....per cent. of the amount insured under this policy by reason of any one fire."

COTTON FORM—COMMON CARRIER*(L. F. P. B.)*

On cotton in bales for which bills of lading have been issued by their duly authorized agents, and for which they shall be liable, while contained in and on premises of the.....in the City of.....Louisiana.

(Attach Cotton Co-Insurance Clause.)

COTTON FORM*(L. F. P. B.)***TERMINAL PROPERTIES**

(Form for Liability as Common Carrier and (or) Warehouseman)

\$....On its legal liability as a common carrier and (or) warehouseman for goods and merchandise of every description—except (including) cotton for which bills of lading have been issued and are outstanding; also on its liability upon its agreement (if any) to indemnify owners of such goods against loss or damage by fire; also on its own goods and merchandise.

All at its terminal at.....while contained in.....Louisiana.

This policy also covers earned freight charges.

Other insurance, concurrent herewith, permitted without notice until required.

Note:—When cotton is covered, the cotton co-insurance clause is to be used in all cases.

COTTON FORM*(L. F. P. B.)***EXCESS INSURANCE**

The assured warrants to maintain and carry insurance which is to cover all of any loss up to at least \$.....or, in the event of failure so to do, to bear all of any loss up to the amount warranted.

This insurance shall attach only to pay a loss greater than \$...., and shall pro-rate in the payment of same with all other excess insurance, but in no event shall pay more than such proportion of any loss sustained by the assured, over and above \$...., as the amount of this insurance bears to the excess in value of the cotton over \$....

Note:—The above form may be written at seventy-five per cent. of the regular rate only when \$100,000 or more initial insurance is carried and warranted to be maintained.

COTTON FORM

(L. F. P. B.)

EXCESS INSURANCE

It is understood and agreed that the following clause is incorporated in the marine cotton cover, and it is agreed that the same shall be recognized in the adjustment of any loss under this policy, viz.:

"This policy does not attach to or cover the risk of fire on any cotton which is fully covered by general or specific fire insurance; that is, insurance under a form of policy covering at a specific place or places; but on cotton which is covered in part by such general or specific fire insurance, the amount insured hereunder against loss or damage by fire shall be the difference between the amount covered by such fire insurance and the full value of the cotton, and the amount so insured hereunder shall be deemed concurrent insurance with the said fire insurance and liable for not exceeding such a proportion of the whole loss as the amount so insured hereunder bears to the full value of the cotton."

Note:—To be used when only a nominal amount is carried by Marine Companies. The rate on policies having this endorsement to be the full and regular rate where the policies cover.

COTTON FORM

(L. F. P. B.)

On its legal liability as a common carrier and (or) warehouseman for merchandise for which bills of lading have been issued and are outstanding; also on its liability for merchandise which it has agreed to insure; also on its own merchandise. All at its seaboard terminal at.....while contained in.....Louisiana.

This policy also covers earned freight charges.

Other insurance, concurrent herewith, permitted without notice until required.

Note:—When cotton is covered, the cotton co-insurance clause is to be used in all cases.

Note:—Quite a large proportion of the fire insurance on cotton is written under marine contracts, principally for those known in the trade as buyers, who purchase cotton in many places and concentrate it in one or more localities, delivering from there to all parts of the world. The policy is drawn to cover all of the buyer's cotton from time of purchase to the time of delivery and monthly reports are made with payments of premium accordingly.

The Cotton Insurance Association writes a cover similar to that of the marine companies just described but cannot

extend such cover outside the United States. A copy of the form used is as follows:

BUYER'S TRANSIT

1. This insurance covers cotton in bales in the United States, while owned by or legally at the risk of the Assured, except as hereinafter provided.

2. This insurance shall not cover cotton for which any carrier or bailee may be liable, or shipped under bill of lading containing a stipulation that the carrier may have the benefit of any insurance thereon. However, upon presentation of proof of a loss to cotton described in Paragraph One of this form, while in possession of any carrier or other bailee, this Company, provided that all provisions of this policy have been complied with, will advance to the Assured or the holder of a certificate issued as provided herein, as a loan, the amount of the damage to said cotton, repayable only to the extent of any recovery from such carrier or other bailee. This insurance shall not cover where any carrier or other bailee has insurance which would attach if this policy had not been issued, and shall not inure to the benefit of any carrier or other bailee.

3. No cotton under contract of purchase by the assured shall be deemed at risk hereunder unless its location with its marks and numbers be stated in contract of purchase or in a confirmation furnished to the purchaser prior to loss.

4. This policy shall not cover cotton after it has become waterborne.

5. Certificates delivered to the Assured by this Company may be issued by the Assured, prior to loss, on shipments to final destination, making the loss, if any, payable to the holder thereof, provided that memoranda of such certificates shall be mailed to this Company on day of issue. The amounts and values as stated in such certificates shall be applicable to this policy, and said certificates shall take the place of the original policy, and convey all the rights of the Assured (for the purpose of collecting) to the holders of the certificates, but the holders of such certificates, other than the Assured, shall not be held liable for unpaid premium.

6. No liability shall attach or advance be made on cotton sold free on board cars at point of destination, where loss occurs after carriers' liability attaches, unless certificates have been issued thereon as provided herein.

7. On shipments to final destination by all rail routes for which certificates are issued, such certificates are effective from the moment the cotton has been actually delivered into the custody of railroad and is under its bill of lading to final destination until delivery to warehouse or mill, provided such delivery is

made within five days after arrival at destination, and such certificate shall be ineffective if delivery is stopped or delayed by order of the Assured or the holder of such certificates.

8. It is warranted that when this policy becomes effective the Assured shall report to this Company all cotton owned by or legally at the risk of the Assured, and thereafter to report daily (Sundays and holidays excepted) all purchases, sales and/or shipments of cotton, with values of the same, including in these reports all cotton under bills of lading, and to pay to the Company premiums thereon at the following rates:

9. On cotton sold prior to shipment and on cotton on which the risk ceases upon the issue of bill of lading by a common carrier, if at risk in any location classified as:

INITIAL RATES

"AA"—Five cents (5c) per \$100. of value of such sales and/or shipments;

"A"—Seven cents (7c) per \$100. of value of such sales and/or shipments;

"BB"—Nine cents (9c) per \$100. of value of such sales and/or shipments;

"B"—Twelve and one-half cents ($12\frac{1}{2}$ c) per \$100. of value of such sales and/or shipments;

"C"—Eighteen and three-quarters cents ($18\frac{3}{4}$ c) per \$100. of value of such sales and/or shipments.

"D"—Twenty-five cents (25c) per \$100. of value of such sales and/or shipments.

10. If the cotton so sold or shipped is at risk for an average time greater than ten days, an additional charge for each day or fractional part thereof in excess of the said ten days will be made in accordance with the following schedule:

HOLDING TIME RATES

"AA"—One-fifth of one cent ($1/5$ c) per \$100. per day;

"A"—One-quarter of one cent ($1/4$ c) per \$100. per day;

"BB"—Three-tenths of one cent ($3/10$ c) per \$100. per day;

"B"—One-half of one cent ($1/2$ c) per \$100. per day;

"C"—Five-sixths of one cent ($5/6$ c) per \$100. per day;

"D"—One and one-sixth cents ($1\frac{1}{6}$ c) per \$100. per day.

It is further understood and agreed that in the event cotton held at locations of the same classification is at risk during any calendar month for an average time of less than ten days, the Assured shall receive a credit on the premiums at the holding time rate applicable to such classifications, as above, such credit in no case, however, to exceed the total charge made in that calendar month for holding time (time in excess of ten days) at other locations of different classifications. It is agreed, however, that in the event the cotton sold or shipped during the entire

season is at risk for an average time greater than forty days, for each additional day or fraction thereof, the Assured shall receive a credit of one tenth of one cent (1/10c) per One Hundred Dollars (\$100.) of value on the holding time premium.

11. On cotton to final destination under certificates, as herein provided for, seven and one-half (7½c) cents per \$100. of the value of such shipment in addition to the above rates.

12. In event of loss by fire the Assured will pay the premium as above on the ascertained value of cotton on which any loss may be paid just as though said cotton had been sold or shipped.

13. In case this policy is not renewed when it expires, or if terminated before expiration, the Assured will pay premium as above on the cash value of whatever stock of cotton remains on hand upon the termination of this policy just as though said cotton had been sold or shipped the day of termination.

14. Premiums under this policy for each month shall be payable on or before the fifteenth (15th) day of the succeeding month. In case of default of such payment, this policy may be cancelled by this Company upon twenty-four (24) hours' written or telegraphic notice to the Assured, and at the expiration of such notice all risk hereunder shall terminate except as to shipments under certificates issued prior to receipt of such notice.

15. If cotton is located in a State other than that in which this policy is issued, the same will be covered by a certificate adopting the terms and conditions of this policy, issued by a Resident Agent of said other State under the laws thereof, which certificate will be furnished to the Assured.

16. This Company shall not be liable for more than such proportion of any loss as the limit of liability mentioned below applying at the place where any loss or damage shall occur bears to the total value of cotton at such location at the time of any loss or damage. The amount of the insurance applying at the place of a loss shall be the limit of liability herein named where the value at risk hereunder at such place exceeds such limit, and in all other instances the value at risk hereunder at such place.

17. It is agreed that the limit for loss by any one fire or conflagration shall not exceed.....(\$....) Dollars.

This limit does not apply where certificates have been issued as provided herein.

18. Payments or advances, if any, on damage before certificates are issued shall be made to banks or other parties having made advances against said cotton, as their interest may appear, provided this Company receives written notice of such interest within ten days after such damage.

19. This Company shall not be liable for more than the actual cash value of the cotton at the time and place of fire, which shall

in no event exceed what it would then and there cost to replace with cotton of like kind and quality, or of equivalent value.

20. The assured under this policy hereby covenants and agrees to keep a set of books, showing a complete daily record of all cotton handled, showing among other things the weight and classification of each bale and all purchases, sales and/or shipments, with the identity of each bale and its location and removal from yards or compresses to other locations, and in case of loss to produce such books to this Company or this policy shall be void.

21. The Assured agrees that this Company by a properly authorized representative, shall be permitted to examine the books of the Assured and any (or all) of their agents, employees and correspondents at any time.

22. If any carrier, bailee or other person has been or shall hereafter be released from any liability for loss or damage to any cotton hereunder, this policy shall be null and void.

23. This Company reserves the right to cancel, on five days' notice to the Assured, all liability hereunder at any location where recommendations for the protection of cotton, made by this Company, are not complied with. This Company also reserves the right, upon five days notice to the Assured, to alter rates at any locations where conditions are unusually hazardous, or when the Company's requirements for the safe handling of cotton are not observed.

24. Upon receipt of advice of a loss by the Assured, immediate notice shall be given to this Company and it may investigate the circumstances attending same and ascertain the amount of loss without such action operating to waive any forfeiture or admit any liability, but all claims to be payable after expiration of fifteen (15) days from receipt of such notice, provided satisfactory proofs have been filed.

25. This insurance does not protect the Assured's liability as bailee.

26. No other insurance permitted without the written consent of this Company endorsed hereon.

COTTON SEED OIL MILLS

(S. E. U. A.)

.....Oil Mill, situate on premises of assured, at or near.....

This policy covers to the extent of \$....being pro rata part of each of the following items:

(It is understood and agreed, however, that no part of this insurance attaches or applies to any building or buildings listed below, nor to their contents, except where a specific amount is placed opposite such building, and then applies specifically to

buildings, and/or contents, only in the sum set opposite each such building.)

\$....On Buildings and connections, including stacks, plumbing and piping, except for fire extinguishing.

\$....On machines, machinery, appurtenances and appliances, boilers, engines, pumps, including all connections, implements, tools, utensils, electric light equipment, fire extinguishing apparatus, tanks in or on buildings, towers or scaffolds, vehicles of all kinds, office furniture, furnishings and fixtures, iron safes, printing and writing machines, stationery supplies, and all material and extra parts, only while contained in building or buildings specified below:

DESCRIPTION	Amount Insured on Buildings, Etc., Per 1st Item	Amount Insured on Machinery, Etc., Per 2d Item
(1) On the.....story.....roof Main Mill Building
(2) On the.....story.....roof Seed House No.....
(3) On the.....story.....roof Seed House No.....
(4) On the.....story.....roof Hull House.....
(5) On the.....story.....roof Meal House.....
(6) On the.....story.....roof Office Building.....
(7) On the.....story.....roof Boiler House.....
(8) On Boilers, Engines and Connections while contained in above described boiler house..
(9) On Track Scales
(10) On Track or Tower (not in or on buildings).
TOTALS

Total insurance permitted warranted concurrent herewith, including this policy, as follows:

\$....on item 1; \$....on item 2; \$....on item 3; \$....on item 4;
\$....on item 5; \$....on item 6; \$....on item 7; \$....on item 8;
\$....on item 9; \$....on item 10.

It is understood and agreed that no insurance in addition is permitted to this policy unless the total insurance, including this policy, is entered in paragraph above.

This insurance is effected subject to the following conditions, which are accepted as part of this contract:

THREE-FOURTHS VALUE CLAUSE.—It is understood and agreed to be a condition of this insurance that in the event of loss or damage by fire to the property insured under this policy, this Company shall not be liable for an amount greater than three-fourths of the actual cash value of each item of property insured by this policy (not exceeding the amount insured on each such item) at the time immediately preceding such loss or damage; and in the event of additional insurance—if any is permitted hereon—then this Company shall be liable for its proportion only of three-fourths of such cash value of each item insured at the time of the fire, not exceeding the amount insured on each such item.

FIRE PROTECTION CLAUSE.—In consideration of the reduced rate at which this policy is written, it is hereby made a condition of this

insurance that all of the private fire protection, for which credit is given in the rating on the within named property, shall at all times be kept in good condition and complete working order, whether it be fire-plug and hose, with spanner—or casks of water and fire-pails—or watchman's clock and records—or fire-pump—or any other kind of private fire protection; and assured agrees that, in event of failure to do so, this policy shall be null and void, unless the interruption of such fire protection be from circumstances not within the control or knowledge of the assured, or which could not have been prevented by the exercise of due diligence on the part of the assured.

(Attach also Mechanics, Cease Operations, Work Nights, Lightning and Dynamo, and Standard Time clauses.)

Note:—The foregoing form is also used with the 80% Coinsurance Clause substituted for the $\frac{3}{4}$ Value Clause, in which case the permit for other insurance by items is left out, and the following clause substituted:

"Other insurance, warranted concurrent herewith, permitted without notice until required."

COTTON SEED OIL MILLS

(S. E. U. A.)

(Cotton Seed is almost always insured separately from building and machinery)

.....Oil Mill, situate on premises of assured, at or near

\$....On cotton seed, cotton seed oil and (or) any product coming therefrom, pertaining to the production thereof, or any material, raw, wrought or in process, necessary thereto; also Cooperage, barrels, sacks, bags, bagging and packages of whatever material, and all other merchandise used in their industry, their own or held by them in trust, or on commission or consignment, or on joint account with others, or sold but not delivered or removed, or for which the assured may be liable in case of loss, only while contained in building or buildings specified below.

(It is understood and agreed, however, that no part of this insurance applies in any building or buildings listed below, except where a specific amount is placed opposite such building, and then applies specifically in the sum set opposite each such building.)

DESCRIPTION	AMOUNT
In the.....story.....roof Main Mill Building.....
In the.....story.....roof Seed House, No.....
In the.....story.....roof Seed House, No.....
In the.....story.....roof Hull House.....
In the.....story.....roof Meal House.....
Total

This policy shall not attach to nor cover oil contained in yard tanks, nor to stock in any cotton ginnery.

This insurance is effected subject to the following conditions, which are accepted as parts of this contract:

Warranty to keep books and inventories and to produce them in case of loss.—The following covenant and warranty is hereby made a part of this policy:

1. The assured will at the beginning of each season take a complete itemized inventory of all stock on hand.

2. The assured will keep a set of books, which shall clearly and plainly show a complete record of the weight of all seed bought and deposited on the premises and a record of the yield of oil and meal and a record of all stock sold, shipped or removed from the premises.

3. The assured will keep such books, inventory and record securely locked in a fire-proof safe at night, and at all times when the buildings mentioned in this policy are not actually open for business; or failing in this, the assured will keep such books, inventory and records in some place not exposed to a fire which would destroy the aforesaid buildings.

In the event of failure to produce such set of books, inventory and records for the inspection of this Company, this policy shall become null and void, and such failure shall constitute a perpetual bar to any recovery thereon.

WARRANTY FOR COTTON SEED OIL MILLS AND/OR COTTON SEED OIL MILL WAREHOUSES—It is warranted by the assured that the within described Cotton Seed Oil Mill and/or Cotton Seed Oil Mill Warehouses will not be used for the manufacture or mixing of fertilizer, or for the storage of fertilizer material, or for the milling or storage of copra, velvet, soya, or other beans, peanuts, or any other raw materials, other than cotton seed and/or its products, unless written permission is endorsed hereon; otherwise this policy shall be null and void, it being understood and agreed, however, that the above warranties do not prohibit the storage of manufactured fertilizer or of any materials not more hazardous than are incidental to cotton seed oil mill business. It is further warranted that no baled linters will be stored in mill, seed house or other warehouses or buildings comprising this Cotton Seed Oil Mill plant, or within 60 feet thereof, except such baled linters as are stored in the baled linter warehouse, otherwise this policy shall be null and void.

(Attach also the 80% Coinsurance Clause, Fire Protection, Automobile Permit, O. I. P. and the Mechanics, Cease Operations, Work Nights, Lightning and Dynamo, and Standard Time clauses.)

COTTON SEED OIL MILLS

(S. E. U. A.)

(Blanket Policy—Building and Machinery and Other Articles, with
Ninety Per Cent Co-Insurance Clause)

.....Oil Mill, situate on premises of assured, at or near
.....

This policy covers to the extent of \$...., being pro rata part
of total insurance.

\$....(total insurance) On all Buildings and Connections, including
Stacks, Plumbing and Piping; on Machines, Machinery, Appurtenances
and Appliances, Boilers, Engines, Pumps, including all Connections,
Implements, Scales, Tools, Utensils, Electric Light Equipment, Fire
Extinguishing Apparatus, Tanks, Towers and Scaffolds, Vehicles of all
kinds, Office and Laboratory Furniture, Furnishings and Fixtures, Iron
Safes, Printing and Writing Machines, Stationery Supplies, and all
Material and Extra Parts usual to the conduct of a Cotton Seed Oil
Mill and Refinery, while on the premises above described.

This insurance is effected subject to the following conditions
and are accepted as parts of this contract:

(Attach 90% Coinsurance, Fire Protection, Lightning and
Dynamo, Standard Time, Automobile, Mechanics, Cease Operations,
Night Work, O. I. P. Clauses and Special Warranty shown in last
paragraph of preceding form.)

COTTON SEED OIL MILLS

(S. E. U. A.)

(Blanket Policy—Stock, with Ninety Per Cent Co-Insurance
Clause)

.....Oil Mill, situate on premises of assured, at or near
.....

\$....On Cotton Seed, Cotton Seed Oil and/or any product
coming therefrom, pertaining to the production thereof, or any
material, raw, wrought or in process, necessary thereto; also
Cooperage, Barrels, Sacks, Bags, Bagging and Packages of whatever
material, and all other Merchandise used in their industry, their
own or held by them in trust, or on commission or consignment,
or on joint account with others, or sold but not delivered or
removed, or for which the assured may be liable in case of loss;
all while on the premises above described, subject to the following
conditions:

This policy shall not attach to nor cover oil contained in yard
tanks, nor to stock in any cotton ginnery.

This insurance is effected subject to the following conditions,
which are accepted as part of this contract:

(Attach same clauses as preceding, also Book and Inventory
Warranty.)

DIVISION XIII

RENT AND LEASEHOLD INSURANCE

This class of insurance is written under special forms attached to the regular fire policy; generally speaking, the same permits and clauses should be attached (so far as they apply to the subject of insurance) as would be to the ordinary fire policy covering the class of property on which the rent or leasehold interest is based. For instance, a rent policy on a dwelling should contain the permits and clauses enumerated under RESIDENCE PROPERTY FORMS, page 215.

Rents and Rental Value. It is not always realized that fire, by rendering a building untenable, entails other losses beyond that to the structure itself, namely, loss of income from rents, or loss of the use of such portion of the building as the owner occupies, or even a loss because space which might be rented is not available.

This has given rise to a form of insurance against loss of rents or rental value which is coming into greater demand every year, as the fact becomes known that such insurance is available.

Rates are usually somewhat less than the building rates and the forms used cover loss of rent during the period of repair or replacement, being applicable to all classes of risks whether dwelling, mercantile or manufacturing properties.

Many agents are attaching to all policies covering dwelling and mercantile properties a rent endorsement inserting therein the amount of rent or rental value of the property; then when delivering policy a brief explanation is made of the nature of the cover, with the result that such insurance is usually accepted. The following facts may be of assistance in such cases:

An owner of rented property loses the income therefrom when it is rendered untenable in whole or in part.

An owner occupying his own property loses the value of such occupancy under the same conditions.

In either case, taxes, interest on mortgage, and frequently

maintenance and operating charges, continue undiminished without any compensating return.

To the individual owner rent insurance is sold as a straight business proposition against the risk of loss of income. To those having mortgages on their property, particularly building and loan mortgages, who rely on their rental income to meet monthly payments, it is especially desirable.

Executors, trustees, receivers, officers of corporations and others responsible in a fiduciary capacity consider this kind of insurance in the light of a fulfilment of their obligations to protect the interests in their care.

There is a distinction between rents and rental value: Insurance against loss of rents contemplates payment only in case the building, or any part thereof, is rendered untenable by fire and *actual loss of rent ensues*; if portions are untenanted there is no actual loss of rent and therefore no claim.

Insurance against loss of rental value contemplates payment if the building or any part thereof is rendered untenable by fire, whether the building is occupied by owner or by tenant, and in some cases is extended to cover it if unoccupied.

There are many different forms in use for writing this class of insurance, some prescribed as to phraseology and the clauses to be attached, but the following will serve as illustrations:

"RENTS—FORM 'A'

(*Uniform East*)

1. "Whether Rented or Vacant—Based on Time to Rebuild.
2. "\$....on the rental value of the.....building situate.....
3. "The term rental value, wherever used in this contract, shall mean the determined rental less such charges and expenses as do not necessarily continue.
4. "It is hereby provided that if said premises or any part thereof, whether rented at the time or not, shall be rendered untenable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the building could, with reasonable diligence

and dispatch, be rendered again tenantable, although the period may extend beyond the termination of this policy.

- 5 "If the insured occupies any portion of said building, a fair rental value of the portion so occupied shall be considered as a part of the rental value insured.
- 6 "In the event of a disagreement as to the time required to restore the premises to the same tenantable condition as before the fire or damage by lightning, or as to the rental value of premises occupied by the insured, the same shall be determined by appraisement or reference in the manner provided in the printed conditions of this policy.
- 7 "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises for the time that would, with reasonable diligence and dispatch, be required to rebuild and restore the same to a tenantable condition, if totally destroyed. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not.
- 8 "Other insurance permitted without notice until required."

It covers, as will be noted, the rental value of the building, which it defines as "the determined rental less such charges and expenses as do not necessarily continue." Rental value may be further defined as the going rental for similar premises in a similar neighborhood suitable for a similar occupancy. It provides for computation of the loss during the estimated time it would take to repair or replace the building and make it tenantable, and contains a further provision that the Company shall not be liable for a greater proportion of such loss than the insurance bears to the rental value of the whole of the premises, for the time required to rebuild.

When determining how much insurance should be carried under this form, the agent or owner should consider the time it is likely to take to rebuild the building under the most unfavorable circumstances, that is, with due allowance for bad weather, possible unsettled conditions in the building trades, etc.

The following is known as Form "B", in which paragraphs 2, 3, 5, 6 and 8 are identical with Form "A". The changes in the form are in paragraphs 1, 4 and 7, which in Form "B" read as follows:

"RENTS—FORM 'B'"

(Uniform East)

1. "Occupied or Rented Portions Only—
Based on Time to Rebuild.
4. "It is hereby provided that if said premises or any part thereof, occupied or rented at the time, shall be rendered untenable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the occupied or rented portions of the building could, with reasonable diligence and dispatch, be rendered again tenable, although the period may extend beyond the termination of this policy.
7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of the occupied or rented portions of said premises for the time that would, with reasonable diligence and dispatch, be required to rebuild and restore the same to a tenable condition, if totally destroyed. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not."

This is subject to the same general explanation, and is applicable under like circumstances, except that it relates only to the occupied or rented portions of the building, that is, if a fire occurs while part of the building is not rented or is unoccupied, that part of the building is not taken into consideration in computing the loss or the rental value of the whole of the premises.

The following is known as Form "C", in which paragraphs 2, 3, 4, 5, 6 and 8 are identical with Form "A". The changes in the form are in paragraphs 1 and 7, which in Form "C" read as follows:

"RENTS—FORM 'C'"*(Uniform East)*

1. "Whether Rented or Vacant—
Based on Annual Rental Value.
7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises per annum. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not."

This relates to rented or vacant premises, and is based on the actual rental value for the entire year. In writing insurance under this form, an amount equal to the annual rental value should be carried, and it should apply to all premises, whether rented or not.

The following is known as Form "D", in which paragraphs 2, 3, 5, 6 and 8 are identical with Form "A". The changes in the form are in paragraphs 1, 4 and 7, which in Form "D" read as follows:

"RENTS—FORM 'D'"*(Uniform East)*

1. "On Occupied or Rented Portions Only—
Based on Annual Rental Value.
4. "It is hereby provided that if said premises or any part thereof, occupied or rented at the time, shall be rendered untenable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the occupied or rented portions of the building could, with reasonable diligence and dispatch, be rendered again tenantable, although the period may extend beyond the termination of this policy.
7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of the occupied or rented portions of said premises per annum. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this

Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not."

This bears the same relation to Form "C" that "B" does to "A", that is, it applies to occupied or rented portions only, and otherwise is similar to "C".

The following is known as Form "E", in which paragraphs 3, 4, 5, 6 and 8 are identical with Form "A". The changes in the form are in paragraphs 1, 2, 7 and 7a, which in Form "E" read as follows:

1. "RENTS—FORM 'E'
(Uniform East)
FOR SEASON RISKS
2. "\$....on the rental value of the.....roof building occupied for.....situate.....
7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises during the period for which liability is assumed under the succeeding paragraph. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not.
- 7a. "Liability under this policy is limited to loss of rental value sustained, not exceeding the rate of \$....per month, from.....to.....in each year, inclusive, and this Company is hereby relieved from all liability for loss of rental value during the remainder of the year, i. e., from.....to.....in each year, inclusive."

NOTE:—The general outlines are the same as the other forms, except that the liability is limited to the rental value for certain months in the year, and in the computation of the loss and of the rental value only those months are taken into consideration.

In the Southern States the forms used are different from the foregoing in the language used, but are essentially the same in their meaning. One of them is given herewith as an illustration.

RENTS FORM

(S. E. U. A.)

(Based on Annual Rental)

\$....On the rents of the.....story.....building, with
roof, situated No.....on the.....side of.....
 Street, Block No....., in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

The intention of this insurance is to make good the loss of rents caused by fire or lightning actually sustained by the assured on occupied or rented portions of the premises which have become untenable for and during such time as may be necessary to restore the premises to the same tenantable condition as before the fire.

If the assured occupies any portion of the premises, a fair rental value for the portions so occupied shall be considered as a part of the rents insured. Said time, in case of disagreement, to be determined by appraisal in the manner provided in the conditions of this policy; but this Company shall not be liable for a greater proportion of any loss than the sum hereby insured bears to the actual annual rental of such occupied or rented portions of the premises.

STANDARD TIME CLAUSE.—It is understood and agreed that the word “noon” as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

In the Central and Western States the forms for writing rent and rental value insurance are also different from those first quoted, but have essentially the same meaning. The fraction inserted in blank space is either 1/9th or 1/12th except on fireproof buildings for which there are special rules.

RENT OR RENTAL VALUE FORM NO. 1

(Fire and Lightning Only with Limit of Losses per Month)

(Uniformity West)

\$....On the rents of the.....story.....roof.....build-
 ing, occupied as.....situated.....

In case the above named building, or any part thereof, shall be rendered untenable by fire, this Company shall be liable to the assured for the actual loss of rents, ensuing therefrom, not exceeding the sum insured, nor one-.....of that amount for any one month, based upon bona fide leases in force at the time of the fire, loss to be computed from the date of the

occurrence of said fire, and to be determined by the time it would require, under ordinary circumstances, to put the premises in tenantable condition; and in case any portion of the building, herein described, shall be occupied by the assured, for his own use, this policy shall extend to and cover the rental value of such portion so occupied, in the same manner as if under lease to a tenant.

In the event of a disagreement as to the time that would be required, under ordinary circumstances, to restore the building to the same tenantable condition as before the fire, or as to the rental value of any part of said building occupied by the assured, the same shall be determined by appraisement in the manner provided in the printed conditions of this policy.

(Attach usual clauses.)

NOTE:—Above form to be used for buildings occupied by tenants and for the insured.

RENT OR RENTAL VALUE FORM NO. 2

(Fire and Lightning Only with Limit of Loss per Month)

\$....On the rents and/or rental value of the.....story
.....roof.....building, occupied as.....situated.....
Town of.....State of Nebraska.

In case the above named building, or any part thereof, whether rented at the time or not, shall be rendered untenable by fire, this company shall be liable to the assured for the rents and/or rental value of such untenable parts, not exceeding the sum insured, nor one-.....of the amount for any month; loss to be computed from the date of the occurrence of said fire, and to be determined by the time it would require, under ordinary circumstances, to put the premises in tenantable condition; and in case any portion of the building, herein described, shall be occupied by the assured, for his own use, this policy shall extend to and cover the rental value of such portion so occupied, in the same manner as if under lease to a tenant.

In the event of a disagreement as to the time that would be required, under ordinary circumstances, to restore the building to the same tenantable condition as before the fire, or as to the rents and/or rental value of the building or any part thereof, the same shall be determined by appraisement in the manner provided in the printed conditions of this policy.

(Attach usual clauses.)

NOTE:—Above form to be used for buildings vacant, or occupied in part by tenants and/or the insured.

RENT OR RENTAL VALUE DWELLING FORM*(Uniformity West)**(Fire and Lightning Only)*

\$....On the rents of the.....story.....roof.....building with.....foundation and.....chimneys and flues, occupied and to be occupied only as a dwelling by not more than..... families, situated.....

In case the above named dwelling house, or any part thereof, shall be rendered untenable by fire, this Company shall be liable to the assured for the actual loss of rents ensuing therefrom, not exceeding the sum insured, nor one-twelfth (1-12) of that amount for any one month, based upon bona fide leases in force at the time of the fire, loss to be computed from the date of the occurrence of said fire, and to be determined by the time it would require to put the premises in tenantable condition.

But if the building be occupied by the owner, the amount stated in this item shall be taken to be the actual annual rental value, subject to proof, if required, by the certificate of two competent and disinterested real estate appraisers, and in that event it is the intent and purpose of this insurance to indemnify the Assured for any loss which he may sustain, not exceeding the amount so named, by reason of said dwelling being destroyed, or so damaged by fire as to render it uninhabitable, thereby necessitating the renting of a residence elsewhere.

Illustrations of other kinds of rent forms in use in certain territories are given herewith.

OWNER'S RENT FORM*(Season Property)*

\$1,000 on the rents of the building and furnishings, situate.....

The above mentioned property having been leased at a rental which, for the purpose of this insurance, is estimated and fixed at the sum of \$1,000 for the term of this policy, it is hereby understood and agreed that if fire, or lightning, occurring during the term and under the conditions of this policy, renders the above described property untenable, or otherwise invalidates the lease, this Company shall pay to the insured the sum of \$1,000, which sum, however, shall be decreased at the rate of \$200 per month for such time as may have elapsed from and after June 1st..... to the date of fire or lightning damage.

(Attach usual clauses.)

Advanced Rents. This form of insurance is intended to indemnify the lessee for rents paid in advance, or to be paid if his lease is not terminated in case of fire rendering the premises untenable. It is chiefly used in the case of a lease of season property, such as a summer cottage.

The conditions of leases are so varied that no one general form will serve in all cases, but the following is given for illustration:

LESSEE'S RENT FORM

(Entire Rental Paid In Advance)

\$1,000 on rents paid in advance for the dwelling ("and furnishings" if included), situate..... It is understood and agreed that if fire, or lightning, occurring during the term and under the conditions of this policy, renders the above described property untenable, this Company shall be liable to the insured for such rents, actually paid in advance, at the rate of \$200 per month during such time from June 1st to September 30th, inclusive, as the property is untenable by reason of such damage by fire or lightning.

Note:—Policies are usually written from the date when rents are advanced to the date when lease terminates, as from March 1st to October 1st.

LESSEE'S RENT FORM

No. 2.

\$1,000 on rent paid by the insured in advance, or to be paid, as lessee of the dwelling and furnishings, situate..... If, during the term of this policy, the building or furnishings herein referred to shall be so damaged or destroyed by fire or lightning as to become untenable, this Company shall be liable from the date of the policy to June 1st, 1917, for the sum of \$1,000; from June 1st, 1917, to July 1st, 1917, for \$800; from July 1st, 1917, to Aug. 1st, 1917, for \$600; from August 1st, 1917, to Sept. 1st, 1917, for \$400; and from Sept. 1st, 1917, to Oct. 1st, 1917, for \$200. It being the intent of this insurance to indemnify the insured at the rate, to the extent, and in the manner above provided, for that portion of the rental of \$1,000 paid in advance by him, which would be applicable to the period as above limited during which the insured remains actually prevented from the use of the property described for his occupancy as intended.

Ground Rent Insurance. This is a form of insurance for the protection of the owner of land under lease against loss of ground rents, or impairment of the security therefor, by reason of fire damaging or destroying the building standing on such land. Insurance is issued to the owner of land for an amount equal to the estimated value of ground rents, based on the annual income derived therefrom.

If fire damages or destroys the building and the lessee (owner of building) repairs or restores it, there is no loss under the ground rent insurance unless the terms of the lease provide for no payment of ground rent during the time necessary for repair or replacement.

If lessee does not repair or restore building the insurance on

ground rents pays the owner thereof the estimated value of ground rents as stated in the policy together with any ground rent accrued and not paid by lessee, and thereupon the insurance company takes ownership of the land; or, as an alternative, it pays the difference, if any, between such estimated value and the ascertained value at the time of fire, the owner in that case retaining the land.

The form customarily used for writing such insurance reads as follows:

GROUND RENT FORM

\$1,363.64 on annual ground rent of \$75, issuing out of lot of ground.....about 38 foot front by about 105 foot deep and improved by frame building situate..... Agreed value of ground rent \$1,363.64.

It being understood and it is hereby agreed that if the security for the payment of the ground rents or annuities hereby insured or any of them shall be impaired or diminished by reason of the damage or destruction by fire of the buildings erected on the above mentioned lots or any of them, and the owner of the leasehold estate therein shall fail to repair or rebuild the same within six months from the happening of the fire, this Company shall pay to the insured or.....legal representatives, within thirty days after demand, the sum or sums hereby insured on the ground rents issuing out of such lots together with the ground rent accrued to date of said payment, not exceeding one year. This Company shall have the right, however, if it shall so elect, to pay unto the insured or its legal representatives the value of such ground rents as agreed upon above together with the ground rent accrued to date of payment, not exceeding one year, and on such payment the insured or.....legal representatives shall convey to the Company such lot or lots of ground and the ground rents incident thereto, clear of all encumbrances, save the leasehold estate therein and the unpaid taxes thereon. Reserving, however, to the insured the right to receive and collect and by legal process to recover for.....own use all arrears of ground rent in excess of one year.

It is understood that this insurance shall not be affected or invalidated by any act or neglect of the owner or occupant of the above-mentioned buildings, nor by any foreclosure or other proceedings or notice of sale relating thereto, nor by occupation of the premises for purposes more hazardous than are permitted by this policy, nor by the violation of any of the terms or conditions of this policy not affecting the fee simple interest.

Lightning Clause attached.

Another form in use, giving a somewhat narrower cover, reads as follows:

GROUND RENT FORM (No. 2)

It is hereby understood and agreed that in the event of the above described property being destroyed or impaired by reason of

fire, and that the leasehold interest should fail to rebuild or repair said improvements within a reasonable time, beginning not later than six months from the happening of said fire, this Company shall, on demand, pay to the assured.....heirs or assigns, a sum of good and lawful money of the United States, equal to the difference between the present value of said lot, recognized as being \$....and the sum which may be realized by the immediate sale of said lot, not exceeding the amount insured by this policy. The sale to be conducted by a representative of this Company.

It is understood that the interest of the assured in said property is a reversion in fee, subject to a leasehold interest under an indenture of lease for the renewable term of.....years. It is understood that the violation of any of the terms or conditions of this policy, not effecting the fee-simple interest, shall not be deemed to contravene or affect this policy.

The following form is chiefly intended to protect the owner or occupant of a dwelling house or apartment against loss due to the expense of moving when fire renders premises untenable; also the increase of cost of temporary quarters:

ADDITIONAL COST INDEMNITY

\$....applying on premises occupied by the insured either as owner or tenant for.....purposes and situate.....

If, during the term of this insurance, the building at the above location is destroyed or so damaged by fire and/or lightning that the premises occupied by the insured are rendered untenable and the insured occupies other premises for similar purposes, this Company shall be liable for the ACTUAL LOSS THEREBY SUSTAINED, not exceeding:

First: The actual cost of necessary removal of property from the above named premises, and of moving it back again if said premises are re-occupied by the insured; not, however, exceeding 10% of the amount of this policy for either removal.

Second: The cost of other suitable premises during the time which would be required with reasonable diligence and dispatch, to restore the above named premises to a tenantable condition, or, if lease thereof is cancelled by reason of such fire or lightning, then during the unexpired term of said lease, less in either case any abatement of rental for the above named premises. Liability for any calendar day shall not exceed 1/365th of the remainder of this policy after deducting the amount of claim allowed for moving expenses, but shall not be limited by the expiration date of this policy.

LEASEHOLD INSURANCE

LEASEHOLD INSURANCE.—There are various kinds of interests in leasehold which may properly be the subjects of insurance. Generally speaking, a lessee has an insurable interest in leasehold if fire, by terminating his lease will cause him a direct financial loss.

The most common forms of leasehold insurance are:

First:—Where a lease that fire under certain conditions will terminate has been made for a term of years, and, rentals in the neighborhood having risen so that a higher rental would have to be paid for another suitable location, the lessee desires to protect himself from the loss that would ensue from a termination of said lease. The cancellation of such a lease by fire spells loss to the lessee amounting to the difference between his rental for the balance of the lease and the going rental for similar premises in a neighborhood suitable for his particular business. The latter may be determined by consultation with reliable real estate dealers familiar with conditions. The policy (annual or term) should be written for the whole amount of such difference, subject to deductions as indicated in the example appearing under the caption "Explanation of Leasehold form." What is insured here is really the profit in the lease due to its enhanced value from whatever cause. The interest is quite as real, though not always so apparent, as in the case of premises sublet at a profit. Nevertheless, every lessee who is enjoying a favorable lease must realize that fact and it should not prove difficult to sell him insurance to protect such profit against the loss that cancellation of his lease by fire would entail.

Second:—Where a leasehold has been purchased for a lump sum, and the purchaser desires to obtain insurance against the loss of his investment by reason of fire terminating his lease, or loss of a portion of his investment by fire interrupting his use of the premises.

In cases where a bonus has been paid for a lease and there is a profit to be insured as well, the sum of the bonus and net profit will be the amount of leasehold insurance.

For example: A purchases from B for \$2,400 a lease having two years to run; A subleases at a net profit (disregarding bonus) of \$3,600 per annum; the insurance should be for \$9,600, diminishing at the rate of \$400 per month.

Third:—Where a lease, which fire under certain conditions will terminate, has been executed for a term of years, or perhaps for only one year, and the property has been sub-let in whole or in part at a higher rental. Here the profit is apparent, being the difference between his rental and the rental received from his sublease. The policy (annual or term) should be written for the whole amount of such difference unless there is some expense

of maintenance, such as a janitor or heat, to be deducted in order to arrive at the actual profit involved. This amount, when determined, is also subject to the further deduction indicated in the later example. No such lessee should be without insurance protection, for his profit is right there before him, yet subject to loss if fire cancels his lease. If the sub-lease did not cover the entire period of the original lease, the insurance might, nevertheless, be for the amount of difference for the entire period at the same ratio as the foregoing.

Fourth: Where a lessee is obligated to payment of rent even though the premises are rendered untenable by fire.

Such cases are comparatively rare and usually require a special form to cover the particular conditions involved.

The following forms are in use where permitted by local rules. In some territories forms are mandatory and no others can be used. In such cases other forms will serve only as illustrations.

LEASEHOLD INTEREST FORM NO. 1

\$....on leasehold interest (term of rent from (date (a)) to (date (b)) in the.....building, situate.....

It is understood and agreed that, if said building shall be totally destroyed by fire, occurring during the term and under the conditions of this policy, this Company shall pay the whole amount hereby insured, less a deduction of \$....per month for the time that shall have elapsed between the date of (date (a)) and the date of occurrence of said fire. And in case of such damage by fire as shall, without total destruction, render said building untenable, this Company shall pay at the rate of \$....per month, to be computed from the date of such fire to the date when, by due diligence, the said building could be repaired and rendered fit for occupancy; but in no case shall this Company be liable for a greater amount than the sum insured, nor for any loss other than that which may arise under said leasehold interest.

(Attach Lightning Clause, and other necessary clauses.)

LEASEHOLD FORM NO. 2

(*Excess Rental*)

\$....On his leasehold interest in the.....building, situate.....

It is the intention of this insurance to indemnify the insured against loss of revenue from rents received in excess of the amount to be paid by him under a certain lease dated (date) for the term of twenty years, at the annual rental of \$....

It is understood and agreed that if fire, occurring during the term and under the conditions of this policy, totally destroys the above described building, or a sufficient part thereof to terminate the aforesaid lease under its terms, this Company shall be liable for the whole amount of this policy, which sum, however, shall

be decreased at the rate of \$....per month for such time as may have elapsed from the inception of the policy to the date of the fire.

In case of fire partially destroying the building, rendering it untenable in whole or in part but not terminating the said lease, this company shall be liable to the insured for loss of excess rentals during the time necessary to restore the premises to a tenable condition, in such proportion of \$.... per month as the excess rental of the untenable portions bears to the excess rental of the entire building, both to be computed on an annual basis.

In the event of dispute as to the time required for restoring the said premises to a tenable condition, such time shall be determined by appraisal in accordance with the conditions of the policy.

Note:—Policy should be written for the amount of the excess rentals for the entire unexpired period of the leasehold.

LESSEE'S RENT FORM NO. 3

(Portion of Premises Sublet)

\$....On his interest as lessee in the rents of the grade floor store of the.....building, situate.....

For the purpose of this insurance the annual rental received by the insured for the sub-lease of the grade floor store is estimated and fixed at the amount for which this policy is written.

It is understood and agreed that if fire, occurring during the term and under the conditions of this policy, totally destroys the above described building, this Company shall be liable to the insured for the amount of this policy without deduction; and if fire renders the grade floor store untenable, but without destruction of the building or a sufficient part thereof to terminate the insured's lease under its terms, this Company shall be liable to the insured for the actual loss of rent ensuing therefrom, not exceeding the sum insured, nor 1/12th of that amount for any one month, or a proportionate amount if rendered partially untenable; loss to be computed from the date of the occurrence of said fire, and to be determined by the time required, with ordinary diligence and despatch, to restore the grade floor store to a tenable condition.

In the event of dispute as to the time required for restoring the said premises to a tenable condition, such time shall be determined by appraisal in accordance with the conditions of the policy.

LEASEHOLD FORM NO. 4

On interest as Lessee of the premises occupied by him in brick building and additions, situate.....as per lease dated.....

It is understood and agreed that in case of the cancellation of the assured's lease of above premises, under the conditions thereof,

because or by reason of fire, this Company is to pay the amount of this policy.

It is understood and agreed that the lease may be cancelled by the lessor, if the property be substantially destroyed by fire and thereby rendered unfit for use and habitation.

Also that in case of such loss or damage, because or by reason of fire, without resulting in the cancellation of said lease, which renders the whole or any portion of said premises untenable, so as to cause a loss to the assured of the benefits derived as Lessee of above premises, then this Company shall be liable for such loss or damage during the period of restoration or repair at the rate of \$...per month for the whole premises, or an equitable proportion for a portion thereof and for the time necessary to repair or restore the above premises by using reasonable diligence and despatch, although the loss may be in part after this policy shall have expired.

It is further understood and agreed that this Company shall not be liable for any claim other than loss under said leasehold interest.

(Attach Lightning and other clauses.)

LEASEHOLD FORM

Note:—The following form was used in a case where a brewery had purchased a leasehold for \$3,000 and had sublet the building to a customer, who agreed to pay the rent designated in the lease, and also to repay to the brewery the \$3,000 at the rate of \$100 per month. The brewery's security was the leasehold, and if lease was terminated by fire it would risk losing such portion of the \$3,000 as remained unpaid; hence the insurance.

\$....On their interest in leasehold of building, situate.....

It is the intention of this insurance to indemnify the insured for money advanced to obtain the above leasehold, in case fire renders the above premises untenable, and, in accordance with its terms, the said lease is for such reason terminated.

This policy shall decrease in amount at the rate of \$100 for each calendar month beginning with (date) until exhausted.

(Attach Lightning Clause.)

(Attach Electric Light Clause.)

(Attach Mechanics' Permit.)

(Attach Kerosene Oil Stove Permit.)

LEASEHOLD FORM

(S. E. U. A.)

\$....On this leasehold interest (lease commencing.....and expiring.....at the rate of \$...per month) in the..... story.....building, with.....roof, situate No.....on theside of.....Street, Block No....., in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

It is agreed that if said building shall be totally destroyed by fire or lightning, this Company shall pay the whole amount insured under this policy, *less a deduction* at the rate of \$.... per month for the time that shall have elapsed between the date of this policy and the date of occurrence of total destruction of the building herein described.

Provided, That in no event shall this Company be liable for more than the amount for which the assured shall be liable to the owner, or original lessee, of this building, if it is rebuilt.

In case of partial destruction of this building, which shall render same temporarily untenable, this Company shall pay at the rate of \$....per month for the time same shall be so untenable, but all reasonable diligence shall be used by the parties in interest, other than this Company, to repair the damage and place the building in condition for occupancy.

In no case shall this Company be liable for more than the sum hereby insured nor for any loss other than on said leasehold interest.

LEASEHOLD INTEREST INDEMNITY— NON VALUED (S. E. U. A.)

\$....On the Insured's Leasehold Interest in the building(s) and additions, situate.....

It is a condition of this insurance that the term "Leasehold Interest" as used herein is defined as the increased rental value of the described building to the Insured in excess of the rental paid by him (or them) under a Lease date....., expiring on; and it is warranted by the insured that the following is a complete and correct copy of the Fire Clause in said Lease and that no change shall be made in the said Fire Clause without written notice to this Company.

(Insert Copy of Fire Clause in Lease.)

If Lease contains no Fire Clause check here....., in which event this insurance shall be subject to the law governing Leases of the State in which the described building(s) is situate.

It is a further condition of this insurance that commencing with the date of this policy, and extending throughout the term thereof, the amount for which this policy is written shall be automatically reduced at the rate of \$....per month.

In case the building(s) described herein be so damaged or destroyed by fire or lightning, occurring during the term of this policy, as to result in cancellation of Lease in accordance with the Fire Clause therein (or in accordance with the State law in

the absence of a Fire Clause), this Company shall be liable to the insured for the Actual Loss Sustained to the Leasehold Interest insured, not exceeding the amount of this policy remaining in force on the date of the fire as determined by the special terms and conditions of this contract.

In case the building(s) described herein be so damaged or destroyed by fire or lightning, occurring during the term of this policy, as to render the building(s) wholly untenable but the Lease not being cancelled thereby, this Company shall be liable to the insured for the actual loss sustained to the Leasehold Interest insured, at the rate not exceeding \$...per month (or if partially untenable for a pro rata proportion thereof), for not exceeding such length of time (not limited by the date of expiration of this policy) as shall be required, with the exercise of due diligence and dispatch by the parties in interest other than this Company, to again render the damaged or destroyed building(s) fit for occupancy.

In no event, however, shall this Company be liable for an amount greater than the amount for which this policy is written, and it is a special condition of this insurance that in the event of loss there shall be a deduction at the legal annual rate of interest from all payments made more than sixty (60) days in advance of the dates upon which the insured would have realized such increased rental value in the ordinary course of business had lease not been cancelled.

In case the insured and this Company are unable to agree as to any questions affecting the amount of loss under this policy, the same shall be determined by appraisers in the manner provided by the policy to which this form is attached, the provisions of which policy shall govern in all matters pertaining to this insurance.

In consideration of the reduced rate of premium for which this policy is issued, it is agreed that in the event of cancellation thereof the amount of return premium due the assured shall be the difference between the initial premium charged the assured and the premium earned by this Company computed on the average amount of this Company's liability during the time policy shall have been in force.

The following Leasehold Form is a modern one which has been the subject of much favorable comment and is believed to be the clearest, best and most equitable one yet devised.

LEASEHOLD FORM

1. On the interest of the insured as lessee of premises..... under lease dated.....and expiring.....
2. The conditions of said lease relating to damage to or destruction of the buildings by fire are as follows:

3. The term "interest of the insured as lessee" as used herein is defined:

Where premises are occupied by the insured: The difference between the rental value of such premises at the time of the fire and the actual rental payable therefor during the unexpired term of the insured's lease;

Where the premises are sublet: The difference between the total rent as fixed by the subleases in force at the time of the fire and the sum of the (a) total rent payable by the insured for the premises sublet and (b) any maintenance and operating charges of the insured, for the unexpired term of the insured's lease.

4. If by fire occurring during the term of this policy the premises above described are so damaged by fire as to cause the cancellation of the aforesaid lease in accordance with its terms and conditions as entered above, this insurance shall be liable for the actual loss sustained to the "interest of the insured as lessee," as above defined, pro rata with other insurance hereon, if any. Such loss shall not exceed the sum which placed at interest compounded annually at the rate of four per cent (4%) per annum will be the equivalent of the "interest of the insured as lessee" for the unexpired term of the lease as such interest would have accrued monthly.

5. If said lease is cancelled in accordance with its terms, but the lessee remains in possession—as tenant at will under a new lease or otherwise—this Company shall be liable for the actual loss sustained by the insured to his interest as lessee, which loss shall not exceed the limit of liability as stated in paragraph 4.

6. If by fire occurring during the term of this policy the above described premises are damaged, which does *not* cause a cancellation of the lease in accordance with its terms and conditions, but does render the premises untenable in whole or in part, this Company shall be liable for its pro rata proportion of the actual loss sustained by the insured to his interest as lessee, at the rate of not exceeding \$...per month for total untenability, or a pro rata proportion thereof for partial untenability, for and during such time, but not beyond the expiration of the lease, as may be necessary with the exercise of reasonable diligence and dispatch to restore the premises.

7. The amount of this policy is automatically reduced throughout its term in the proportion that the interest of the insured as lessee decreases.

8. This policy shall be null and void if the lease herein referred to is altered or modified in any of its conditions that affect the liability of this Company under this policy, unless assented to by the Company in writing endorsed hereon.

9. In consideration of the special rate at which this contract of insurance is written, this policy shall not be cancelled by the

insured for the purpose of rewriting same for term extending beyond the date of expiration named in this policy, nor for the purpose of rewriting same for a smaller amount at any time during the life of this policy. This provision, however, shall not prohibit the insured from recovering return premium on a short rate basis in the event of the termination of his leasehold interest from any cause.

EXPLANATION OF FOREGOING LEASEHOLD FORM

1. Amount to be insured to cover loss caused by cancellation of lease.

To cover loss caused by cancellation of lease, the amount of the policy should be the largest amount which could be collected under the terms of paragraph 4.

To illustrate this, assume that insurance is wanted on leasehold interest under a lease having ten years to run from the date the policy is issued, that the leasehold interest as we have defined it amounts to \$100 per month, and that a fire which cancels the lease occurs at 12:01 P. M. on the date the policy is issued. \$100 for 12 months is \$1,200, and for 10 years, \$12,000, and if the insured could collect \$12,000 at once instead of monthly over the ten-year period, he would be materially overpaid. For true indemnity he should not collect more than the sum which at interest would produce for him, or be the equivalent of, the monthly leasehold interest collected each month during the remainder of his lease.

The number of dollars shown opposite each year, if invested at 4% interest compounded annually, will be equivalent to the payment of \$1.00 in the middle of each year for the number of years set opposite each amount. Thus \$4,541 paid at the beginning would be the equivalent of paying \$1.00 on July 1st for each of 5 years, which in turn is practically the equivalent of paying 1/12 of a dollar each month for 5 years.

1 year	\$.981	11 years	\$ 8.9355
2 years	1.924	12 years	9.5725
3 years	2.8305	13 years	10.1855
4 years	3.7025	14 years	10.7745
5 years	4.541	15 years	11.3405
6 years	5.347	16 years	11.885
7 years	6.122	17 years	12.409
8 years	6.8675	18 years	12.9175
9 years	7.584	19 years	13.3965
10 years	8.273	20 years	13.862

Hence in the assumed example \$8.273 (10 year equivalent) multiplied by 1200, making \$9,927.60, is the amount of insurance to be carried, and this amount under the form would fully reimburse the insured.

If this term were, say, 10 years and 3 months, a result sufficiently close for the purpose of determining the amount of insurance would be reached by adding to the amount shown above, three times the "monthly leasehold interest" as entered in paragraph 6. Thus:

Insurance for 10-year term.....	\$ 9,927.60
Insurance for 3 months—3 times \$100.....	300.00
Amount of insurance.....	<u>\$10,227.60</u>

2. With relation to losses which do not cause the cancellation of the lease.

In the paragraph of the form relating to losses which do not cause the cancellation of the lease, that is, paragraph 6, the monthly leasehold interest should be entered in the blank space in this paragraph. This will provide for the whole monthly leasehold interest, or a pro rata proportion thereof if the premises are rendered partially untenable, for the time of such untenability.

3. Example illustrating Paragraphs 1 and 2:

Rental value of part of building occupied by insured	\$ 250.00
Rental obtained by insured from sub-tenants for remainder of building in accordance with subleases outstanding	350.00
	<u>\$600.00</u>
Monthly rental under lease between insured and owner	\$400.00
Monthly expense for heating, janitor, etc.	100.00
	<u>500.00</u>
Monthly leasehold interest as defined in policy form	\$ 100.00
	x12
Yearly leasehold interest as defined in the form.	\$1,200.00
	<u>x10</u>
Leasehold interest for the remaining term of the lease as estimated above—10 years.....	\$12,000.00

Present worth of these 1200 payments due in monthly installments extending over 10 years, as shown by application of compound discount table \$9,927.60, which is the amount of insurance to be carried under form.

4. *With relation to the Reduction Clause and the basis for figuring premium.*

Assume the policy is written for three years on the leasehold interest described. One year after the issue of the policy the value of the insured's leasehold interest would be \$7.584 x 1200, or \$9,101.80; two years after it would be \$6.867 x 1200, or \$8,240.40; and at the end of the three-year period it would be \$6.122 x 1200, or \$7,346.40.

Premium should be figured on the average amount at risk at a rate determined by the rules in force in the territory in which the risk is located. In the case of the three-year policy above referred to, the average amount at risk is \$8,637.00, reached as follows:

Amount of insured's leasehold interest at beginning of term.....	\$ 9,927.60
Amount of same at end of three-year term..	7,346.40
	2) <u>\$17,274.00</u>
Average	\$ 8,637.00

Under the usual forms the amount of insurance, the reduction and the average are figured as follows:

Amount of insured's leasehold interest at beginning of term	\$12,000.00
Amount at end of three-year term (Deduct 36 x \$100 = \$3600).....	8,400.00
	2) <u>\$20,400.00</u>
Average for three-year term.....	\$10,200.00

If the rate according to the rules in force where a risk is located is 1%, and the term rule is $2\frac{1}{2}$ times the annual rate, then the three-year premium under this form will be \$215.92, whereas under the usual forms it would be \$255.00. It will therefore be apparent that the advantage of using this leasehold form over that commonly used lies in the fact that full actual indemnity can be secured at a lower cost.

DIVISION XIV

USE AND OCCUPANCY, PROFITS AND COMMISSIONS INSURANCE—EXPLANATION AND ILLUSTRATIVE FORMS

These three kinds of insurance are of a kindred nature all being supplementary to the familiar property damage insurance; they are written under special forms attached to the standard fire, or tornado, or earthquake, or sprinkler leakage, or riot, civil commotion or explosion policies, as the case may be. For convenience reference hereafter will be only to losses as the result of fire, but all that is stated will be equally applicable to the other casualties mentioned. As the terms are commonly used these kinds of insurance may be defined as follows:

Use and Occupancy Insurance is intended to cover loss of (a) profits and (b) maintenance expenses or charges, due to fire necessitating a suspension of normal operations.

There are two kinds of Profit Insurance:

First, that which is included in the use and occupancy cover—namely, indemnity for loss of profits or earnings due to fire causing a suspension of business and consequent inability to use premises for their normal purpose.

Second, indemnity for loss of profits on finished stock, or on merchandise held for sale, by reason of its being damaged or destroyed by fire. A use and occupancy policy does not cover a loss of this nature.

Insurance of Commissions is also of two different kinds as defined in the preceding paragraph and covers commissions in place of profits.

Use and Occupancy Insurance, sometimes called Business Interruption Indemnity, has arisen because of the serious losses which fire entails that are not covered under the familiar form of fire insurance policy. The latter covers only against direct loss or damage by fire to the property involved, yet the ensuing interruption of business is often more serious in its effect than the property loss. Even though every

dollar of property damage is recovered, there still remains to be taken into account the loss of profits, because goods cannot be produced, sold or stored, and of expenses or fixed charges that continue despite the interruption or suspension of business.

It is essential for the average business to continue uninterruptedly, for trade quickly drifts away from the manufacturing concern that is not producing goods, or the mercantile concern whose doors are closed. The manufacturer makes his money by producing goods and selling them; if he cannot manufacture, it is useless to sell, therefore he must have the use of his factory else his business will largely cease and with it his chance of profit. The wholesale and retail merchant makes his money through being able to display goods and deliver them when sold. If he has no stock and no place from which to conduct business, or if he cannot steadily supply his customers, then they will quickly go to other dealers. Hotels are especially affected by having to close their doors for a time.

Therefore, fire interrupting the normal business of the manufacturer, merchant, or warehouseman, or other industry, whereby the production, or sale, or storage of goods, or use of premises, is diminished or suspended, causes not only the loss of profit derived from operation, but also loss through the expense of standing charges which cannot be escaped while the work of restoration is going on.

It is at this point where the regular fire insurance drops the burden of loss that use and occupancy insurance picks it up and carries such burden until the premises can be restored to a productive condition, thus enabling the insured to keep his organization together without financial drain and also to maintain net earnings unimpaired. The cover is a broad one including not only net profits, but also those items of expense commonly referred to as fixed or maintenance charges that cannot be escaped during a period of forced suspension.

The items which are usually considered in estimating the value of use and occupancy are as follows, all being figured on the basis of a full year's time:

Net profits which would or might reasonably have been earned but for a fire.....	\$....
Taxes and ground or other rent.....	....
Interest on notes and bonds.....	....
Salaries and directors' fees.....	....
Royalties for machinery or processes which are payable whether operating or not.....	....
Wages of foreman and such skilled help as could not be laid off.....	....
Salaries of salesmen under contract.....	....
Cost of non-cancellable advertising contracts and that portion of insurance premiums which must continue during suspension.....	....
Cost of lighting, heating, watchman, and general maintenance consistent with a condition of idleness .....	....
Other fixed charges, or special items of expense or indebtedness, which cannot be eliminated during a suspension of operations.....	....
Total	\$....

Use and Occupancy Insurance equal to the sum of these items, or in other words equal to one year's estimated net profits and fixed expenses, should be maintained if complete protection is desired. If **Amount Necessary** fire necessitates a total suspension of normal operations the U. & O. policy pays any loss sustained up to the limit of 1/300th of the amount insured for each working calendar day of such suspension, or 1/365th if business is operated daily as in the case of electric light plants, street railways, hotels and the like. Where fire causes only partial interruption a proportionate amount is payable.

In order to provide for those business enterprises where the earnings fluctuate quite widely as between different periods of the year forms have been devised whereby the limit of liability per day may fluctuate for different stated periods.

The forms in use do not as a rule enumerate the nature of the fixed or maintenance charges that are to be covered under a use and occupancy policy and, due to the danger of some omission, it is a better contract for the insured not to have them stated. In order, however, to show the intent of the insured at the time of taking out use and occupancy insurance, it is considered a good plan to keep on file an accurate and detailed memorandum of the items which have been included, especially the maintenance charges, such memorandum being in the nature of an inventory.

There are certain basic principles which are of value in considering use and occupancy insurance, among them the following:

	First, the unit of measure is one year
Basis	whether profits are earned continuously at a
Annual	fairly stable average throughout the year or
Turnover	concentrated into shorter periods as in the
	case of canneries or summer hotels. It is the
	annual turn-over upon which insurance calculations are
	based.

Second, use and occupancy insurance deals with the period of time the other side of the fire. It is the future not the past that is contemplated. The profits of a past period are of value in determining the amount of insurance to be carried or the loss to be paid only as the future may be expected to be a reflection of the past. The earnings may be greater or they may be less, and the true spirit of such insurance must take into account all the factors present at the time of the fire and all of those which reasonably may be forecast for a period of suspension in order to justify it as real indemnity rather than a business gamble or a battle of wits between the adjuster and the insured. It should be borne in mind, therefore, that it is a contract of indemnity with certain stated limits for it undertakes to pay for the specified losses sustained due to fire preventing the normal use of premises, whether such loss is of maintenance charges that can be proven or of prospective profits that may only be arrived at in the light of reason.

The foregoing demonstrates that use and occupancy insurance is needed even though no profit has been made, if profits

are expected in the future, and in any case maintenance charges must be considered.

Third. The amount recoverable for any one day of total suspension is limited to 1/300th (or 1/365th) of the total amount of the insurance. This operates with

No a somewhat similar effect as the coinsurance or
Coinsurance average clause which is not made a part of use and occupancy contracts. In other words,

in order to sustain a total loss under a use and occupancy policy the insured must have a total suspension for a full year and the value of the use and occupancy must be at least equal to the total amount of the insurance thereon. The insured is quite at liberty to carry as much or as little insurance as he likes, but whatever such amount may be he

can only collect the stated proportion thereof

Limit for each day. To illustrate: If the value of

Per Diem Use and Occupancy is \$30,000 per annum and insurance to that amount is maintained under

the usual form, the per diem payment will be 1/300th or \$100; but if only \$20,000 insurance is maintained, then, the per diem payment will be 1/300th of such amount, or \$66.66.

One of the reasons for not using the coinsurance clause on use and occupancy policies is the difficulty of arriving at the sound value, particularly in view of the fact that there is nothing in the contract to prevent a partial suspension running beyond the period of one year. It is technically possible, though very unlikely, that a given machine affecting 10% of production might not be replaceable under five years' time, in which case the partial suspension loss would be for such five-year period. During the war there were several large concerns using imported machinery which purchased use and occupancy insurance covering for one and in some cases two years beyond the end of the first calendar year, or in other words covering a loss that might extend over 600 or 900 working days instead of the customary 300.

On the other hand, the coinsurance clause is usually attached to policies covering profits or commissions (referred to later) on merchandise for sale, or finished stock, for in this form of cover there is no stipulation for a per diem recovery.

For a long time use and occupancy forms contained a clause reading something like this: "During a partial suspension the per diem liability under this policy

Past shall not exceed that proportion of the per
Record diem liability which would have been incurred by a total suspension, which the decrease in production bears to the full daily production at the time of the fire, which shall be based upon the average daily production for days of full operation next preceding the

fire." In the forms recently adopted over a wide territory, commonly known as the "uniform" forms, this condition has been changed by making the underlined paragraph read "due consideration being given to the experience of the business before the fire and the probable experience thereafter." This change was brought about through recognition of the fact that neither a total nor a partial loss could be settled wholly on the basis of past history nor wholly on a decrease in quantity of production, whether expressed in units of weight, measure, or dollars of value, and that to base it wholly upon past profits might prove inequitable because these vary so greatly that such a yardstick might work either against the insured or the company. There must inevitably be something left to the judgment of the two parties to the contract in adjusting a use and occupancy loss of any magnitude, for it is manifestly impossible to forecast the future earnings of any business except as an estimate. For this reason there has been some consideration given to the plan of adjusting U. & O. losses after business is resumed, since then all the factors are of more accurate and precise determination. The chief objection urged against this has been that the insured would then not have the use of the money to pay fixed charges, dividends, etc. It might be possible to work out such a plan by arranging a tentative adjustment and advancing a part of the loss payment on account, but this would be so radical a departure from customary fire insurance practice that the general plan has not disclosed many supporters.

One of the questions that arises not infrequently is this: What shall be considered the cost of raw materials where use and occupancy is carried on one factory out of a number owned by the same concern, the other factories producing a part or all of such raw materials? For example:

Three factories are located at different points all owned by the Universal Wheel Company. Plant A saws and dries wood ready for turning. Plant B turns spokes, hubs and rims. Plant C assembles and paints wheels for the trade. It is the practice of the concern to charge a profit of 20% over costs at each factory and these costs per wheel are as follows:

Plant A—Raw material	\$.80
Labor and overhead.....	<u>.40</u>
Cost	\$1.20
Profit	<u>.24</u>
Total	\$1.44
Plant B—Raw material	1.44
Freight, labor and overhead.....	<u>.36</u>
Cost	\$1.80
Profit	<u>.36</u>
Total	\$2.16
Plant C—Cost of Wood materials.....	2.16
Paint and Iron work.....	.14
Labor and overhead.....	<u>.40</u>
Cost	\$2.70
Profit	<u>.54</u>
Selling Price.....	\$3.24

In such case the actual cost to the Universal Wheel Company of the finished wheel is \$2.10 and the profit thereon is \$1.14, but said profit is distributed among the three plants. It would not be feasible to take out use and occupancy insurance only on plant C for the entire amount of this profit, because this would not give protection if plant A or B were destroyed by fire. The best way to protect the insured's interest would be to carry blanket use and occupancy insurance over all three plants as this brings the whole question of loss within the compass of one contract. If, however, this is not practicable due to their location, or other reason, the next best method would be to maintain use and occupancy insurance on each plant separately and include in the form the following provision:

“It is understood and agreed that parts made and/or furnished to this factory by other plants of the insured shall be considered as costing this factory the price at which they are billed to it by such other plants.”

Where Use and Occupancy Insurance is written by more than one company on the same plant, the amount of each company's policy and the daily limit should be stated in the form, rather than to have the form read for the whole amount of use and occupancy insurance carried and the aggregate daily limit. This is true because the ordinary pro rata clause is not adapted to precisely defining each company's liability and daily limit. For example, assume \$300,000 insurance on a 300 day basis, making a daily limit of \$1,000. Policy for \$30,000 is issued in company A with a pro rata clause reading: “This company covers a pro rata proportion of the following:”. While it may be clear to insurance men that such language is intended to mean that company A covers for \$30,000 with a limit of \$100 a day, it has sometimes been disputed whether the pro rata clause applied both to the amount of insurance and the corresponding limit, or wholly to the amount of the insurance.

Where Use and Occupancy Insurance covers plants that are in two or more locations, it is not necessary to attach any distribution clause, at least under the forms customarily in use.

In arriving at the amount of net profits upon which to base the amount of Use and Occupancy Insurance to be carried computation should be made as though there were no Federal Income Tax.

Use and Occupancy Insurance usually specifies that loss is predicated on inability to use buildings, machinery and equipment and in the case of factories, raw materials. It is not intended to cover profits on stocks of finished goods because these have gone through the factory and can neither be benefited nor harmed, per se, by loss of the use of the factory. If such insurance is desired, the straight profits policy should be carried. If manufactured stock is destroyed, it might be considered that in order to indemnify the insured for loss caused by interruption of business an allowance should be made for the time necessary to manufacture stock with which to replace any finished stock on

**About
Finished
Stock**

hand so that the insured's business as nearly as possible would be put back where it was immediately preceding the fire, but it is not the intent to cover that particular feature. The reason for this is that the property insurance would pay the damage to stock including the cost of manufacture up to the date of the fire and furthermore a certain portion of the fixed charges or expenses is included in the adjustment of the property loss and if these were paid for under a U. & O. policy during the time of manufacturing reserve stock, it would be double indemnity. The forms now in general use specify that there shall be no loss during the time necessary to replenish finished stock, although they do provide for indemnity during the time factory might have been operated with the raw materials on hand at the time of the fire, if these cannot be replaced by the time buildings and machinery are restored to a productive condition.

In the case of mercantile risks it is not necessary to carry both use and occupancy and profits insurance and usually it is not material whether the stock is included within the cover or not. The property insurance will pay the loss on goods damaged or destroyed and the U. & O. insurance will pay for the profits that would have been earned had not fire interrupted the normal use of the premises. Therefore, if full insurance is carried, there will be no loss to the insured except diversion of trade which is not covered in any case. If building, equipment and stock are covered, then the insurance is liable after restoration of the premises for the further length of time it will take to assemble and put goods on the shelves, but usually this is for such a short period that the recovery would be only a relatively small amount.

Use and Occupancy Insurance is especially needed by manufacturers of all classes of goods, particularly advertised brands, by large merchants, hotels, laundries, motion picture and other theatres, warehousemen and public utilities, such as electric light and power plants, gas works, street railways and telephone exchanges.

Use and Occupancy Insurance may be carried by the occupant of the building whether he is the owner or the tenant.

Sometimes those other than the owner or occupant of factory may have an interest which is dependent on the interrupted production therein of finished goods; for example, the interests of a sales agent or a commission merchant, who will lose profits or commissions on the sale of goods if they cannot be delivered because of fire occurring in the factory. When protection of this kind is desired, the insurance is written in the name of the sales agent or commission merchant, securing him against loss of profits or commissions due to the inability of the manufacturer, with whom he has a contract, to deliver goods because of the happening of a fire. Sometimes such a policy specifies that the profits or commissions to be recovered shall be a stated percentage of the amount of the cost or selling price of goods that would normally have been produced by the factory but for the fire.

Another form of indemnity is where John Doe has a contract with Richard Roe for a certain amount of goods which Doe must receive regularly in order to carry on his own business. If Roe cannot deliver them, Doe must go into the open market and buy similar goods. In such case, the policy to Doe agrees to indemnify him for the estimated difference between contract price and market price, in case Roe cannot produce and deliver goods because of a fire in his factory.

While Use and Occupancy Insurance customarily includes both loss of profit and loss of maintenance and expenses either may be insured without the other if so desired.

Where Use and Occupancy insurance is desired for a short term, as in the case of a store during November and December to cover extra value because of holiday trade, the short rate table cannot properly be applied in the same manner as in computing the premium on ordinary fire insurance. The rule should be to compute one year's Use and Occupancy insurance at the rate of per diem recovery stated, calculate the premium thereon and take the short rate of such annual premium for whatever period, less than one year, that the policy is to be written.

For example, assume that U. & O. insurance is desired for three months (75 working days), with a recovery of \$100 for each working day, the annual rate being 60 cents; then,

300 working days \times \$100 per day = \$30,000 for one year, and at 60 cents the premium per annum is \$180. The short rate for three months is 40% of the annual, and the premium for three months will be \$72; therefore, the policy in such case will be written for \$7,500 (75 working days at \$100 per day), and the premium will be \$72.

If the usual method were followed of taking the short rate of the 60 cent annual rate, which would be 24 cents for three months, and multiplying this by the \$7,500 insurance, the premium would be only \$18; this would manifestly be wrong, for on this basis U. & O. insurance might be placed quarterly, and in a year the premium would be only \$72 (4 times \$18), instead of the correct annual premium of \$180.

Profits or Commissions Insurance. Reference has been made in the foregoing to a straight profit policy on finished goods. The familiar form of fire insurance policy covering merchandise undertakes only to pay the cost of reproduction or replacement and therefore does not include anything beyond a strict property damage. There are conditions under which profits or commissions will be lost and cannot be regained if merchandise is destroyed; such loss is a proper subject of insurance. The owner of goods may insure against loss of profits of goods that are manufactured and held for sale or that are sold and awaiting shipment and may recover roughly the difference between replacement cost and selling price. Commission merchants selling goods of others often insure against loss of profits or commissions on goods held for sale or goods sold but not delivered while contained on their own or another's premises.

Various forms are in use and illustrations will be found among those printed hereafter. Sometimes such a form stipulates that the recovery shall be a fixed percentage of the selling price, or the recovery may be the difference between the manufacturing cost laid down in a given warehouse and the selling price less maximum discounts, or recovery may be not to exceed some stated percentage of any amount of loss ascertained or fixed under the insurance covering the property damage to the stock. Some of the newer forms omit any stated percentage and leave the matter wholly to adjustment in case of loss. The theory of basing the loss of profits on the adjusted property loss is predicated on the thought that the owner should not have opportunity to re-

cover his profits on the entire value of the stock covered and then make an additional profit on the sale of the salvage. In theory, the same profit may be made on sale of the salvage as would have been made on the goods had no fire occurred.

The foregoing and many other instances which might be cited show the wide field that exists for the sale of insurance against indirect losses resulting from fire and as previously stated from other casualties which are assumed under special forms of policies by fire insurance companies.

The permits and clauses to be attached to Use and Occupancy, Profits and Commissions policies are those (so far as they apply to the subject of insurance) which would be attached to the ordinary fire policy covering the class of property on which the Use and Occupancy, Profits and Commissions are based.

In general, they are those affecting interest, title or possession, and increase of hazard, such as Special Agreements Nos. 1, 2, 4, 5, 6, 7 and 13; also, when applicable, permits for Lighting, Mechanics, and the use of Gasoline or Acetylene devices, etc., or the use or operation of anything else which may be held to increase the hazard.

The forms which follow will serve perhaps better than any explanation to illustrate the character and extent of the cover for these classes of insurance:

NOTE: The following four forms are the so-called "Uniform" forms which have been adopted for use in practically all of the territory embraced in the New England, Middle, Southern, Central and Western States.

USE AND OCCUPANCY

(For Manufacturing Plants in Steady Operation)

"Straight U. & O."

On the Use and Occupancy of the property described below.

The conditions of this contract are that if the building(s) situate.....and occupied as.....and/or machinery and/or equipment*.....contained therein, be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this Company shall be liable under this policy for the actual loss sustained consisting of net profits on the business which is thereby prevented, such fixed charges and expenses pertaining thereto as must

necessarily continue during a total or partial suspension of business and such expenses as are necessarily incurred for the purpose of reducing the loss under this policy, for not exceeding such length of time as shall be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace such part of said building(s) and machinery and equipment*.....as may be destroyed or damaged (commencing with the date of the fire and not limited by the date of expiration of this policy), subject to the following conditions and limits, to-wit:

TOTAL SUSPENSION.—The per diem liability under this policy during the time of total suspension of business of all the properties described herein shall be limited to the "Actual Loss Sustained," not exceeding $1/300$† of the amount of this policy for each business day of such suspension, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

PARTIAL SUSPENSION.—The per diem liability under this policy during the time of partial suspension of business shall be limited to the "Actual Loss Sustained," not exceeding that portion of the per diem liability that would have been incurred by a total suspension of business which the actual per diem loss sustained, during the time of such partial suspension, bears to the per diem loss which would have been sustained by a total suspension of business, for the same time, of all properties described herein, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

The word "business" wherever used in this contract shall be construed to mean "The production of goods." The word "stock" wherever used in this contract shall be construed to mean "materials" or "raw stock" entering into "the production of goods."

The word "day," however, modified, wherever used in this contract, shall be held to cover a period of twenty-four hours.

The liability hereunder shall not exceed the amount of insurance by this policy, nor a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured against by this policy.

It is a condition of this insurance that the insured shall not be entitled to compensation on account of delay which may be occasioned by any ordinance or law regulating construction or repair of buildings, or by the suspension, lapse or cancellation of any license, or for any other consequential damage.

It is a condition of this insurance that as soon as practicable after any loss, the insured shall resume complete or partial operation of the property herein described and shall make use of other property, if obtainable, if by so doing the amount of loss hereunder will be reduced, and in the event of the insured continuing business (in whole or in part) at some other location,

or using other property during the time occupied in repairing or reconstructing the property described herein, the net profits so earned shall be applied to the reduction of the loss and adjustment shall be made as provided herein for partial suspensions.

It is a condition of this insurance that surplus machinery or duplicate parts thereof, equipment or supplies, and (if this policy covers liability for suspension of business due to damage to, or destruction of stock) surplus or reserve stock, which may be owned, controlled or used by the insured shall, in the event of loss, be used in placing the property in condition for continuing or resuming business.

It is a condition of this insurance, if covering liability for suspension of business due to damage to, or destruction of stock: (1) That this Company shall not be liable for loss on account of damage to or destruction of the finished product, or for the time required to reproduce any finished product which may be damaged. (2) That liability for suspension of business due to damage to, or destruction of raw materials shall be limited to that period of time for which the damaged or destroyed raw materials would have furnished operating conditions for the plant; but no liability shall exist on this account, unless or until actual suspension of business shall have occurred through the insured's inability to procure suitable materials to take the place of those damaged or destroyed.

It is a condition of this insurance, if this policy covers liability for suspension of business due to damage to or destruction of building(s), machinery and equipment only, that this company shall not be liable for any loss due to damage to or destruction of finished product and/or such materials as enter into and become a part of the finished product.

It is a condition of this insurance that in case the insured and this Company are unable to agree as to any question affecting the amount of loss under this policy, the same shall be determined by appraisers in the manner provided by the policy to which this form is attached, the provisions of which policy shall govern in all matters pertaining to this insurance, except as herein provided.

Other insurance permitted.

Note 1:—Lightning and other usual clauses regarding alterations and repairs, work and materials, hours of labor, protection warranties, etc., should be added as permitted or required by local rules.

*Note 2:—If liability for suspension of business due to damage to or destruction of stock is to be included, insert here "and/or stock."

†Note 3:—If the plant operates Sundays and holidays the fraction $1/300$ in Total Suspension Clause must be changed to $1/365$.

USE AND OCCUPANCY

(For Manufacturing Plants Having Seasonal Operations or Fluctuating Earnings)

On the Use and Occupancy of the property described below.

The conditions of this contract are that if the building(s) situate.....and occupied as.....and/or machinery and/or equipment*.....contained therein, be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this Company shall be liable under this policy for the actual loss sustained, consisting of net profits on the business which is thereby prevented, such fixed charges and expenses pertaining thereto as must necessarily continue during a total or partial suspension of business, and such expenses as are necessarily incurred for the purpose of reducing the loss under this policy for not exceeding such length of time within the period of liability as defined in the "Total Suspension" paragraph hereof, as shall be required with the exercise of due diligence and despatch to rebuild, repair or replace such part of said building(s) and machinery and equipment*.....as may be destroyed or damaged (such rebuilding, repair or replacement to commence as soon as practicable after the fire), subject to the following conditions and limits, to-wit:

TOTAL SUSPENSION.—The per diem liability under this policy during the time of total suspension of business of all the properties described herein shall be limited to the "Actual Loss Sustained," not exceeding the amounts stated for each day of the respective periods defined in the following table and during no other time, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

For each business day

Month Day		Month Day		(inclusive)	\$.....
from.....	to the following.....				
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"
"	" " "	"	"	"

Note:—The stated per diem amounts, multiplied by the respective number of business days (including Sundays and holidays, if business is normally operated on these days), during which each amount applies shall not in the aggregate for an entire policy

year exceed the total amount of the policy, and the per diem amounts shall be so fixed that the liability under the policy for total suspension of business for an entire policy year shall be the same whether such suspension be caused by several fires occurring at different periods of the year or by a single fire.

NOTE: The balance of this form reads exactly the same as the preceding form beginning with the caption "Partial Suspension."

USE AND OCCUPANCY

(For Mercantile or Non-Manufacturing Risks in Steady Operation)

"Straight U. & O."

On the Use and Occupancy of the property described below:

The conditions of this contract are that if the building(s) situate.....and occupied as.....and/or machinery and/or equipment and/or stock contained therein, be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this Company shall be liable under this policy for the actual loss sustained consisting of net profits on the business which is thereby prevented, such fixed charges and expenses pertaining thereto as must necessarily continue during a total or partial suspension of business, and such expenses as are necessarily incurred for the purpose of reducing the loss under this policy, for not exceeding such length of time as shall be required, with the exercise of due diligence and dispatch to rebuild, repair or replace such part of said building(s) and machinery and equipment and stock as may be destroyed or damaged (commencing with the date of the fire and not limited by the date of expiration of this policy), subject to the following conditions and limits, to-wit:

TOTAL SUSPENSION.—The per diem liability under this policy during the time of total suspension of business of all the properties described herein shall be limited to the "Actual Loss Sustained," not exceeding $1/300$† of the amount of this policy for each business day of such suspension, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

PARTIAL SUSPENSION.—The per diem liability under this policy during the time of a partial suspension of business shall be limited to the "Actual Loss Sustained," not exceeding that proportion of the per diem liability that would have been incurred by a total suspension of business which the actual per diem loss sustained, during the time of such partial suspension, bears to the per diem loss which would have been sustained by a total suspension of business for the same time of all properties described herein, due consideration being given to the experience of the business before the fire and probable experience thereafter.

The word "business" wherever used in this contract shall be construed to mean:

(a) As to a mercantile business "The sale of goods."

(b) As to other classes of business "The carrying on of the business operations usual to the class."

The word "day," however modified, wherever used in this contract shall be held to cover a period of twenty-four hours.

The liability hereunder shall not exceed the amount of insurance by this policy, nor a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured against by this policy.

It is a condition of this insurance that the insured shall not be entitled to compensation on account of delay which may be occasioned by any ordinance or law regulating construction or repair of buildings or by the suspension, lapse or cancellation of any license, or for any other consequential damage.

It is a condition of this insurance that as soon as practicable after any loss, the insured shall resume complete or partial operation of the property herein described and shall make use of other property if obtainable, if by so doing the amount of loss hereunder will be reduced, and in the event of the insured continuing business (in whole or in part) at some other location, or using other property during the time occupied in repairing or reconstructing the property described herein, the net profits so earned shall be applied to the reduction of the loss and adjustment shall be made as provided herein for partial suspensions.

It is a condition of this insurance that surplus machinery or duplicate parts thereof, equipment or supplies, and surplus or reserve stock, which may be owned, controlled or used by the insured shall, in the event of loss, be used in placing the property in condition for continuing or resuming business.

It is a condition of this insurance that in case the insured and this Company are unable to agree as to any question affecting the amount of loss under this policy, the same shall be determined by appraisers in the manner provided by the policy to which this form is attached, the provisions of which policy shall govern in all matters pertaining to this insurance except as herein otherwise provided.

It is a condition of this insurance, if this policy covers liability for suspension of business due to damage to or destruction of building(s), machinery and equipment only, that this Company shall not be liable for any loss due to damage to or destruction of finished product and/or such materials as enter into and become a part of the finished product.

Other insurance permitted.

Note 1:—Attach lightning and other usual clauses regarding

Note:—The stated per diem amounts, multiplied by the respective number of business days (including Sundays and holidays, if business is normally operated on those days) during which each amount applies shall not in the aggregate for an entire policy year exceed the total amount of the policy, and the per diem amounts shall be so fixed that the liability under the policy for total suspension of business for an entire policy year shall be the same whether such suspension be caused by several fires occurring at different periods of the year or by a single fire.

NOTE: The balance of the form reads exactly the same as the preceding form beginning with the caption "Partial Suspension."

USE AND OCCUPANCY FORMS

(Coal Mining Plants)

The foregoing forms may be used on this class and commonly contain one or the other of the following clauses

Clause 1. "In consideration of the rate at and/or form under which this policy is written, it is hereby understood and agreed that this policy shall cover loss of use and occupancy of this plant occasioned by reason of damage to the.....Electric Power Plant by fire and/or lightning, whereby electric current furnished by said plant to the insured shall be diminished or suspended."

Note:—Additional rate charged is usually 50% of power plant rate.

Clause 2. "In consideration of the rate at and/or form under which this policy is written, it is expressly warranted by the assured that the power used for the operation of the plant, the use and occupancy of which is insured hereunder, is secured only from power plants located outside of assured's premises and not owned or controlled by said assured."

USE AND OCCUPANCY (LIMITED)

(*Net Profits Only*)

On the net profits of the property described below:

(1) The conditions of this contract are that if the building(s) situate.....and occupied as.....and/or machinery and/or equipment*.....contained therein, be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this company shall be liable under this policy for the actual loss sustained consisting of net profits on the business which is thereby prevented and such expenses as are necessarily incurred for the purpose of reducing the loss under this policy, for not exceeding such length of time as shall be required, with the exercise of due diligence and

dispatch, to rebuild, repair or replace such part of said building(s) and machinery and equipment*.....as may be destroyed or damaged (commencing with the date of the fire and not limited by the date of expiration of this policy), subject to the following conditions and limits, to wit:

NOTE: The balance of the form reads exactly the same as the preceding forms, beginning with the caption "Total Suspension."

USE AND OCCUPANCY (LIMITED)

(Fixed Charges and Expenses Only)

\$....On the fixed charges and expenses pertaining to the insured's use and occupancy of the building...., or machinery, or equipment.....(insert "or stock" if policy is to cover replacement of same; otherwise policy shall not so cover) contained therein, situated.....and occupied for.....

It is understood and agreed that notwithstanding any phraseology herein to the contrary, liability is assumed hereunder only for such fixed charges and expenses as are hereinafter defined.

The word "stock," wherever used in this contract shall be construed to mean "materials" or "raw stock" used in the process of manufacture.

The conditions of this contract are that if the above described property be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this company shall be liable under this policy for such fixed charges and expenses as must necessarily continue during a total or partial suspension of business, and for such expenses as are necessarily incurred for the purpose of reducing the loss under this policy, each for not exceeding such length of time as shall be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace such part of said property as may be destroyed or damaged (commencing with the date of the fire and not limited by the date of expiration of this policy) subject to the following conditions and limits, to-wit:

NOTE: The balance of the form reads exactly the same as the preceding forms beginning with the caption "Total Suspension."

USE AND OCCUPANCY (BUSINESS INTERRUPTION) FORM

(For Manufacturing Plants)

(Illustration)

\$....On the Use and Occupancy of the buildings and machinery equipment thereof occupied for manufacturing purposes and constituting the plant known as....., situate.....

If the said buildings and/or machinery equipment thereof be so damaged or destroyed by fire, occurring during the term and under the conditions of this policy, as to wholly or partially prevent the insured from carrying on manufacturing operations, then this Company shall be liable for the actual loss of net profits thereby sustained, and for such fixed maintenance charges and expenses as must necessarily continue during the period of such prevention, subject to the following conditions, to-wit:

In case of total prevention liability hereunder shall not exceed \$...., being 1/....of the amount of this policy, for each working day of such prevention; or, in case of partial prevention, the liability hereunder shall not exceed that proportion of said amount per diem that the production so prevented bears to the normal production, meaning thereby the production which conditions existing at time of fire show might reasonably have been expected during the period of such prevention.

LIGHTNING CLAUSE FOR USE AND OCCUPANCY

Except as provided in the Electrical Exemption Clause below, this policy shall cover use and occupancy loss caused by lightning (meaning thereby the commonly accepted use of the term "lightning," and in no case to include loss or damage by cyclone, tornado, or windstorm), not exceeding the sum insured, nor the interest of the insured in the property. Provided, however, if there shall be any other use and occupancy insurance on said property, this company shall be liable only pro rata with such other insurance for any use and occupancy loss by lightning, whether such insurance be against loss by lightning or not.

ELECTRICAL EXEMPTION CLAUSE

It is a special condition of this Policy that this Company shall not be liable for any use and occupancy loss resulting from damages to dynamos, exciters, lamps, switches, motors and other electrical appliances or devices caused by electrical injury or disturbance, whether artificial, natural or by lightning, unless fire ensues, and then for loss by fire only.

It is understood and agreed:

That a working day means the calendar day of twenty-four hours;

That loss, if any, is to be computed from date of fire to the time (whether or not this falls within the term of this policy, but not for more than a year following the fire) required with ordinary diligence and despatch to repair or restore the damaged property so that normal production may be resumed;

That if goods are produced elsewhere because of and during such suspension of operations, the value of the Use and Occupancy thus earned shall be deducted from the amount otherwise recoverable under this policy, and the insured agrees to utilize in such manufacturing operations, where practicable, the services

of employees whose wages are included under the head of "Maintenance charges and expenses";

That any surplus machinery or duplicate parts thereof, or equipment or supplies, which may be owned or controlled or used by the insured, shall in the event of loss be used in placing the herein described buildings and/or machinery equipment in condition to resume operations;

That this policy applies only to buildings and machinery that contribute to the completion of the product of the plant, and all storehouses and their contents are excluded unless specifically provided for hereunder;

That this policy does not cover loss caused by a fire elsewhere than in the above described plant.

PRIVILEGE GRANTED: For other insurance; for kerosene oil stoves for heating and cooking; to make ordinary additions, alterations and repairs; to do such work and to keep and use such materials and supplies as are usual in the above described manufacturing business.

Attached to and forming part of Policy No.....of the..... Insurance Company.

USE AND OCCUPANCY

(Street Railway Property)

(Illustration)

\$....On the Use and Occupancy of the electrical power plant, car barns and shops, situate at.....

The conditions of this contract of insurance are that if any of the buildings or machinery therein, or rolling stock contained in the buildings or stored on tracks adjacent shall be so disabled by fire occurring during the term and under the conditions of this policy as to entirely suspend the generation and distribution of electrical energy and the operation of their Street Railway lines, then this Company shall be liable for an amount not exceeding \$....per day for each working day of such suspension, and in case the said buildings, machinery or rolling stock are so disabled by fire as to prevent the making of a full daily average receipts from fares or the sale of electrical energy, this Company shall be liable per day for not exceeding that proportion of \$....which the receipts so prevented from being made bear to the average daily receipts previous to the fire, which for the purpose of this insurance is agreed to be the full daily average for three hundred and sixty-five (365) working days immediately preceding the fire, not exceeding in either case the face value of the policy.

In the event of the car service and/or supply of electrical energy being restored in whole or in part by reason of the assured renting cars and/or purchasing power, then the claim against this Company for the amount payable per day, above referred to, shall be

reduced by the amount in which the income on said day, as a result of said renting of cars and/or purchasing of power, exceeds the expense incurred therefor for account of said day.

It is understood that in the event of loss under this policy caused by the suspension or damage of cars or buildings, the same shall be, so far as possible, replaced by any available surplus cars or spare parts, but the assured shall not be required to use open cars when the weather is unseasonable for their use.

Loss, if any, to be computed from the day of the occurrence of any fire to the time when the said buildings, machinery or rolling stock could with ordinary diligence and dispatch, be repaired or rebuilt and replaced and not limited to the day of expiration named in this policy.

A period of twenty-four (24) hours constitutes the day referred to in this policy form.

Dynamo Clause.

Permission to make additions, alterations and repairs. To run all night. To use kerosene oil for lights. To have and make other insurance without notice until requested.

USE AND OCCUPANCY (CANNERY)

(Illustration)

\$. . . On the Use and Occupancy of their frame buildings, additions and platforms and machinery therein, situate at and occupied by them as a canning establishment.

TOTAL LOSS.—The conditions of this contract of insurance are, that, if any of the buildings used for canning purposes, or machinery therein, shall be so disabled by fire or lightning during the term and under the conditions of this policy, that the assured are entirely prevented from canning the 1916 crop of vegetables and/or fruit then this policy shall be liable for a total loss.

PARTIAL LOSS.—If the buildings or any part thereof shall be damaged by fire or lightning during the term of this policy and the said damage can, with ordinary diligence and dispatch, be repaired and machinery installed prior to commencement of 1916 canning season, then this Company shall not be liable for any loss; if, however, the completion of repairs and installation of machinery, with ordinary diligence and dispatch, requires time after the commencement of the canning season of 1916 to put the factory in running order, then this Company shall be liable for actual loss sustained by assured not exceeding twenty (20) cents per case for overhead charges and profits for each case that the assured are deprived of packing, and not exceeding ten (10) cents per case profits on each case of the 1916 crop of vegetables and/or fruit packed and destroyed or damaged.

It is a condition of this contract that in case fire or lightning occur under conditions that the assured suffers no loss from the inability to use the buildings and machinery mentioned herein

during the term of this policy then no claim shall be made thereunder.

It is hereby agreed and made a condition of this contract that assured shall maintain insurance under this form to the amount of \$.....and in event of loss this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to \$.....

USE AND OCCUPANCY

(Chemical Laboratory)

(Illustration)

On the use and occupancy of their laboratories and offices, situate.....

It is understood and agreed that if by reason of fire on the above mentioned premises or in the above mentioned building, the assured shall be put to any expense in the matter of replacing, repairing or verifying destroyed or damaged plans, records and/or manuscripts of every description, and/or owing to the necessity of removal or temporary removal to other premises, and/or extra expense caused by having to temporarily use or hire other laboratories, or having to farm out work to other laboratories, and also covering any loss of labor actually performed, then this Company shall be liable for the actual expense or loss so incurred; and this Company shall also be liable for any loss the assured shall sustain due to their inability to transact their usual amount of business (based on the twelve months immediately preceding the date of the fire) from the time of the fire to the date (whether same shall fall within the term of this policy or not) when their regular amount of business might by exercising due diligence be again resumed, but in no event shall this Company be liable in the particular or in the aggregate for more than the amount of this policy or for their pro rata proportion of the total amount of insurance carried by the assured upon use and occupancy, nor for a greater proportion of any loss than this policy bears to the annual value of the Use and Occupancy.

(Add usual clauses.)

USE AND OCCUPANCY

(Mercantile)

(Illustration)

On the value to them for the purposes of Use and/or Occupancy of.....situate.....occupied as.....

It is agreed that if by reason of fire and/or lightning on the above mentioned premises, the assured shall be wholly prevented from carrying on its business, then this Company shall be liable for 1/300th part of this policy per day for each working day from date of said fire to date (whether the same fall within the terms of this policy or not) when normal business might, with reason-

able diligence have been commenced. But if the normal business is diminished only, then shall this company be liable for the proportion of said per diem as may be determined by the following data:

Should fire and/or lightning cause such damage to the entire first floor as to involve a complete interruption of business thereon without interfering with the business of the rest of the store, then thirty (30%) per cent. of the full per diem shall be paid, but if only the front half of the first floor shall be involved, then $\frac{2}{3}$ ds of the thirty (30%) per cent. should be paid and $\frac{1}{3}$ d if the rear half only is involved.

Should only the second floor be involved, 15% of per diem shall be paid.

Should only the third floor be involved, 15% of per diem shall be paid.

Should only the fourth floor be involved, 5% of per diem shall be paid.

Should only the fifth floor be involved, 5% of per diem shall be paid.

Should only the sixth floor be involved, 10% of per diem shall be paid.

Should only the seventh floor be involved, 5% of per diem shall be paid.

Should only the eleventh floor be involved, 5% of per diem shall be paid.

Should only the basement floor be involved, 10% of per diem shall be paid.

Should a portion of any of the floors except the first be involved then there should be payable the proportion that that portion of the floor bears to the entire floor.

Should a portion of the front half of the first floor be involved, then there shall be payable the proportion that that portion of the floor bears to the entire front half of the floor.

Should a portion of the rear half of the first floor be involved, then there shall be payable the proportion that that portion of the floor bears to the entire rear half of the floor.

In the event of loss, the front half of the first floor shall be construed as extending eastwardly one hundred and twenty (120) feet from the.....street frontage, and the rear half from a point one hundred and twenty (120) feet eastward of the.....street frontage to the rear of the building on.....street.

Should a fire and/or lightning cause such damage, necessitating the suspension of the elevator service, then this Company shall be liable in an amount (not exceeding) one-half of the total loss schedule for each floor above the first, and in the event of suspension of one or more elevators by reason of damage by fire and/or lightning, then this Company shall be liable in that proportion of one-half of the total loss schedule for each floor above

the first that the number of elevators damaged bears to the total number of elevators in the building.

It is understood that in arriving at the amount of insurance required under this form, the assured have included the estimated average increase in results or profits, basing their figures on the sales for the preceding year and adding thereto an amount equal to such increase and this policy to cover accordingly.

The purpose of this insurance is to protect the assured against loss of use of the premises in whole or in part, loss of profit, loss of all fixed charges and loss of such sums as are necessary to be paid by the assured for the purpose of retaining employees whether under contract or not in order to maintain the organization, and it is agreed that the amount of said loss shall be as above set forth.

Loss, if any, to be computed from the day of the occurrence of any fire to the time when the said buildings or parts thereof could with ordinary diligence and dispatch be repaired and rebuilt, and contents replaced, and not limited by the day of expiration named in the policy. In no event shall this Company be liable for larger amount than insured under this policy.

(Add usual clauses.)

USE AND OCCUPANCY

(Hotels)

On the Use and Occupancy of the hotel property, known as thesituate.....

If the aforesaid hotel property be damaged or destroyed by fire during the term of this policy, whereby the assured shall sustain loss of revenue therefrom, the liability of this Company for said loss shall be upon the following conditions:

First: For any calendar day the revenue of which, by reason of such fire, is nil, the loss shall not be deemed to exceed the normal revenue for the day; nor shall this Company's liability therefor exceed \$.....

Second: For any calendar day the revenue of which, by reason of such fire, is impaired only, the loss shall not be deemed to exceed such impairment; nor shall this Company's liability therefor exceed that proportion of \$....which such impairment shall bear to the normal revenue for the day.

Third: Loss, if any, to be computed from the time of the occurrence of any fire to the time when the said hotel property could, with ordinary diligence and dispatch, be repaired and/or replaced, except that such computation shall not include any portion of time subsequent to the expiration of this policy.

By "the normal revenue for the day" as used above is meant the revenue which, but for the fire, would have been derived from the said hotel property.

(Add usual clauses.)

USE AND OCCUPANCY (HOTELS)*(Illustration)*

\$....On the Use and Occupancy of the building and additions occupied as the.....hotel,.....situate.....

The conditions of this contract are, that, if said building or additions and/or their contents, used for hotel purposes, shall be so damaged by fire, occurring during the term and under the conditions of this policy, that the insured is entirely prevented from transacting the hotel business in the described premises, then this Company shall be liable for not exceeding 1/365th of the amount of this policy for each day of such prevention, but if the insured is only partially prevented from transacting his normal amount of business, then shall this Company be liable per day for that portion of the amount payable per day for total prevention by which the normal business is diminished.

It is part of the consideration for which this policy is issued that the insured hereby covenants and agrees to keep a set of books of account showing a complete record of business transacted which shall be available to aid in the determination of loss, if any, under this contract.

A period of twenty-four (24) hours constitutes the day referred to in this policy form, and loss, if any, to be computed from the day of the occurrence of any fire to the time when the said building and additions could, with ordinary diligence and dispatch, be repaired and rebuilt, and contents replaced, and not limited by the day of expiration named in the policy. In no event shall this Company be liable for a larger amount than is insured under this policy.

Attach lightning, dynamo and other usual clauses.

USE AND OCCUPANCY (MOTION PICTURE THEATRE)*(Suited for any Theatre)**(Illustration)*

\$....On the.....Use and/or Occupancy of the.....roof.....building and additions, and of the equipment thereof other than films, occupied as a Motion Picture Theatre, situate.....

If the aforesaid property be damaged or destroyed by fire during the term of this policy, whereby the assured shall sustain loss of revenue therefrom, the liability of this Company for said loss shall be upon the following conditions:

First.—For any calendar day in which, by reason of such fire, the revenue is nil, the loss shall not be deemed to exceed the normal revenue of the day; nor shall this Company's liability therefor exceed 1/300th of the amount of this policy.

Second.—For any calendar day in which, by reason of such fire, the revenue is impaired, the loss shall not be deemed to ex-

ceed such impairment; nor shall this Company's liability therefor exceed that proportion of 1/300th of the amount of this policy which such impairment shall bear to the normal revenue for the day.

Third.—Loss, if any, to be computed from the time of the occurrence of such fire to the time when the said property could, with ordinary diligence and dispatch, be repaired and/or replaced.

By "the normal revenue for the day" as used above is meant the revenue which, but for the fire, would have been derived from such use and occupancy of said property.

This policy shall cover any direct use and occupancy loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term "Lightning," and in no case to include loss or damage by cyclone, tornado, or windstorm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other similar insurance on said property, this Company shall be liable only pro rata with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by Lightning or not, however, this policy does not cover use and occupancy loss due to stoppage of dynamos, motors or other apparatus for generating, utilizing, regulating or distributing electricity caused by any defect or break in the insulation or apparatus or by excess current, whether artificial or natural.

Permission is given: For existing communications; for other insurance without notice until required; to make ordinary alterations and repairs in the within described building, but this shall not be held to include the reconstruction or the enlargement of the same; to use kerosene oil and natural gas for lighting, heating and cooking, providing kerosene is of the standard 110 degree test or more; to do such work and to use such materials as are usual to the business of Motion Picture Theatres.

(Add usual clauses.)

USE AND OCCUPANCY FORM

(School)

(Illustration)

(\$100,000) On the use and occupancy of the property belonging to or leased by.....School, situate.....

It is understood and agreed:

That this policy covers the annual receipts from tuition fees on (200) pupils attending said school, at (\$500) each;

That in the event of damage or destruction by fire of any part of the property situate as above described and occupied in connection with said school, the insured will use every reasonable effort to secure and occupy other buildings or property in place of such

as may be damaged or destroyed, in order to prevent so far as possible any reduction in the number of pupils in consequence of the fire. The expense necessitated by such transfer of occupancy shall be a part of the loss;

That the amount of loss under this policy occasioned by fire shall not exceed the sum of (\$500) per pupil, from which amount shall be deducted the earned portion of the said (\$500), which shall be due and accrued at the time of fire, and no claim per pupil shall be made unless the number of pupils shall be reduced as the result of such fire to a less number than.....

(Attach....% Coinsurance and the Lightning Clauses, and other usual or required clauses.)

USE AND OCCUPANCY FORM (SCHOOL)

(Illustration)

On the annual receipts of tuition fees of pupils, of the receipt of which the assured is deprived by reason of fire occurring in any of the buildings used for school purposes on premises situate

It is a condition of this insurance that in case of loss, the liability of this Company shall be for actual loss sustained for not exceeding that proportion of the amount of this policy that the tuition fees receivable for the pupils which the assured is unable, by reason of fire, to provide for bears to the tuition fees receivable for all the pupils enrolled for the school year. It is understood and agreed, however, that if fire occurs prior to date of commencement of school year the tuition fees receivable shall be based on the fees actually received during the previous school year.

It is understood that in the event of loss or damage through fire to any part of the property described herein, the assured will use every effort to occupy other buildings in the place of those damaged or destroyed, the expense necessitated by such transfer of occupancy to be covered by this insurance, if by so doing the amount of loss under this policy will be reduced.

USE AND OCCUPANCY

(Profits Only)

(Illustration)

(Used where one certain part necessary to finish goods manufactured was stored in quantities until near the season for shipment, when they were attached and the product delivered.)

\$....On profits contingent on the use of the contents of the three-story brick building known as the Warehouse, situate on their premises at.....

It is the intention of this insurance to indemnify the assured for loss of profits sustained by reason of the contents of said ware-

house being so damaged by fire, or by lightning, that the assured is unable to fill orders for goods whereby profit would have been realized. It is the intention of the assured to use the above described building to store.....for their various products, and this policy shall apply only to.....in their relation to the other products of the factory.

It is understood and agreed that in case of damage by fire, or by lightning, the assured will use all reasonable means to replace or repair contents and to reduce the loss of profits to a minimum figure. This Company shall not be liable for any greater proportion of the loss of profits than this insurance bears to the entire sum of the profits which it is calculated would have been earned but for the damage caused by fire or by lightning.

It is part of the consideration for which this policy is issued that the assured hereby covenants and agrees to keep a set of books of account showing a complete record of business transacted, which shall be available to aid in the determination of loss, if any, under this contract.

By lightning is meant the commonly accepted use of the word, and in no case to include loss or damage by cyclone, tornado or windstorm. If there is any other similar insurance on said property this Company shall be liable only pro rata with such other insurance for loss by lightning whether such other insurance be against such loss or not. This insurance excludes any loss or damage to motors or other electrical appliances or devices, such as may be caused by electrical currents, artificial or natural, and will be liable only for such loss or damage to them as may occur in consequence of fire outside of the machines themselves.

It is understood and agreed that this insurance shall not be held as contributing with any other form of insurance on the plant, nor hold other insurance as contributing with this.

USE AND OCCUPANCY

(*Special*)

\$125,000—On the Use and Occupancy of the assured's reinforced concrete dam and spillway and auxiliary buildings at the dam site, together with the pipe line extending from the dam site to the premises of the.....; all situated.....

The conditions of this contract are that if the above described dam, spillway, pipeline or any of its constituent parts, or machinery or supplies or material in or on the premises shall be so disabled, damaged or destroyed during the term and under the conditions of this policy, that the assured are entirely prevented from conducting their business from said property, then this insurance shall be liable per day for the actual loss sustained not exceeding 1/365th part of the amount insured hereunder per day for each working day of such prevention; but if the normal business be diminished only, then this insurance shall be liable for that proportion of the actual loss sustained not exceeding said

per diem, in which such business is diminished, due consideration being given to the amount of water furnished under contract before the loss and the probable experience thereafter, but under no circumstances shall this company be liable in the aggregate for more than the per diem rate nor for more than the amount of this policy.

A period of twenty-four (24) hours constitutes the "day" referred to in this policy.

Loss, if any, hereunder to be computed from the day of its occurrence to the time when the said property or its constituent parts or machinery, or supplies could, with ordinary diligence and despatch, be restored or replaced and the normal average business be resumed. Loss not to be limited by the day of expiration named in the policy.

It is a condition of this insurance that this company shall not be liable for loss under this policy except as a result of actual physical destruction, disablement or damage to the property the use and occupancy of which is insured hereunder, and then only to the extent that such physical destruction, disablement or damage shall directly affect its use and occupancy.

Other insurance permitted without notice until requested.

INHERENT HAZARD CLAUSE

This policy is hereby amended to include all direct loss or damage caused by explosion (excluding fire damage resulting from such explosion) originating from any materials or processes incident to the business of the assured or of the tenants occupying the buildings or premises described herein; subject in every respect, however, to all the limitations and conditions of this policy.

PROFITS ON MANUFACTURED GOODS IN WAREHOUSE

(Illustration)

\$....On profits in case of loss of goods of the assured unfinished, or in the various processes of finishing, while contained in the storehouses of.....situate at.....

It is understood and agreed that this policy is liable for and will pay on any loss that may occur on said goods as a profit, a sum equal to.....per cent. of the amount of specific insurance paid by the insurance companies on said goods as the amount of their loss but in no case more than the amount insured herein.

(Attach full Coinsurance and other clauses.)

PROFITS INSURANCE

(Illustration)

On profits on manufactured goods, while contained in or on their buildings and premises situate.....

It is the purpose of this insurance to indemnify the insured for the difference in value between the cost of manufacture, including all fixed charges and overhead expenses, and the list price of their goods at the time of any fire, less the maximum trade discount and less the cost of labeling and casing unlabeled goods.

(Attach full Coinsurance and other clauses.)

PROFITS OR COMMISSIONS INSURANCE

(Illustration)

Upon their profits on sales made by them of merchandise and on their profits to be made on merchandise and stock while contained on their premises awaiting order, sale or manufacture, all while contained in the buildings and additions, situate.....

It is understood and agreed that if by reason of loss or damage by fire on the above mentioned premises, said assured shall be unable to fill to the several purchasers such orders, previously received, accepted by and entered upon the books of the said assured, as have not at date of fire been shipped or otherwise delivered or removed according to such orders, then this Company shall be liable to the assured for such profits as they would have derived had such orders been so filled or delivered or removed, which profits shall be 20 per cent. of the amount of any order; and it is also understood and agreed that if during the term of this policy, the stock is destroyed or damaged by fire, then this Company shall be liable for loss of 25 per cent. of the cost value of said stock, while in the premises of the assured, awaiting sale, order or manufacture, such 25 per cent. of the cost value being accepted as the profits on such goods had they been manufactured or sold.

(Add usual clauses.)

PROFITS AND/OR COMMISSIONS FORM

(Illustration)

\$....On Commissions and/or Profits of the assured and of others for which the assured may be liable on stock of merchandise, including boxes and packages, full and empty, samples, labels, designs, materials and supplies, the property of the assured or held by the assured in trust or on commission, or on storage, or on joint account with others, or sold but not delivered or removed; also the property of others for which the assured may be liable, all while contained in the building, additions and extensions, situate....., and on and under sidewalks thereof, and in yards and on streets immediately adjoining the above described premises.

It is agreed that "Commissions and/or Profits" are understood to be the difference between the assured's selling price of the above described merchandise and the amount they are obliged to pay their consignors for the same and that if all or any part

of the above described merchandise is damaged or destroyed by fire, this Company shall pay to the assured its pro rata share of an amount equal to the difference between the amount of Commissions and/or Profits on the merchandise in an undamaged condition, and the amount of Commission and/or Profits actually received by the assured on the sale of any salvage.

It is agreed that the words "the property described" and "the actual cash value of said property" in the average clause attached hereto, are to be interpreted as meaning the Commissions and/or Profits on the merchandise, previously referred to.

Attach 90% Co-Insurance Clause and add usual clauses.

PROFITS AND/OR COMMISSIONS FORM

(Illustration)

\$....On commissions contingent upon the shipment of canned goods from the.....Canning Company's plant situate.....

It is understood and agreed that if by reason of fire occurring during the term and under the conditions of this policy in any of the buildings comprising the above canning plant the shipment of goods is prevented, the liability of this Company for loss of commissions shall be upon the following conditions:

(a) For the estimated loss of net commission upon orders previously received, accepted and entered on the books of theCanning Company, which it cannot fill by reason of said fire, such commission being....% of the net amount of such orders.

(b) For the estimated loss of net commissions upon goods unsold, but not exceeding....% of the damage sustained by such goods as determined by the adjustment of the loss thereon (less all salvage operations) by the companies insuring such goods.

(c) For the estimated loss of commissions other than as above described which would normally be derived from the sale of the normal product of the.....Canning Company, which it is prevented from manufacturing by reason of said fire, such commissions to be not more than....% of the net sale price.

It is also understood and agreed that if goods can be procured at some other point to fill orders which would otherwise have been filled from the above plant, the amount of commissions earned from the sale of such other goods shall be deducted from the amount which under the terms of this policy would otherwise be recoverable by the assured.

That this policy shall also cover use and occupancy loss caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado, or windstorm), not exceeding the sum insured

nor the interest of the insured in the property. Provided, however, that if there shall be any other use and occupancy insurance on said property, this Company shall be liable only pro rata with such other insurance for any use and occupancy loss by lightning, whether such other insurance be against loss by lightning or not. (Attach other usual clauses.)

PROFITS AND/OR COMMISSIONS FORM

(Illustration.)

(\$135,000) On their Commissions from sales of merchandise for account of The conditions of this contract of insurance being, that

IF BY REASON OF FIRE on the premises of the above-named manufacturing corporation, the production and consequently the delivery of goods to the assured entirely ceases, this policy shall be liable to pay (\$450) dollars per day, during such cessation; and

IF BY REASON OF FIRE on said premises such product partially ceases, this policy shall be liable to pay such proportion of (\$450) per day as the average daily deficit in value of the product of said manufacturing corporation during such partial cessation bears to (\$7,500), which shall be considered the value of the average daily product preceding said fire.

Loss to be computed from the day of the occurrence of any fire to the time when the building or buildings which were damaged or destroyed could, with ordinary diligence and dispatch, be repaired or rebuilt, and machinery replaced therein, and goods produced and finished and ready for shipment; and not to be limited by the day of expiration named in this policy; and to include the loss of commissions on manufactured goods on hand in said building or buildings at the time of such fire and destroyed or damaged thereby. Said commissions to be computed at 6 per cent. of the sound value of such goods.

(Add usual clauses.)

PROFITS AND/OR COMMISSIONS FORM

(Illustration)

\$.... On profits and/or commissions on finished merchandise, sold or unsold, while contained in.....

If during the term of this policy such merchandise, or any portion thereof, shall be destroyed or damaged by fire, this Company shall be liable for its pro rata share of any loss of profits and/or commissions (to be ascertained as stated below) on such merchandise which may result from such fire, which loss shall not exceed the percentage of damage shown by the final outcome of the adjustment of the loss on merchandise by companies insuring same, including result of any salvage handling operations whether completed before or after such adjustment; or, if there be no

insurance on said merchandise, then by such ascertainment and estimate by the parties hereto as is provided for in the printed portion of this policy.

Loss of profits and/or commissions shall not exceed the percentage of loss on merchandise as finally adjusted nor the percentage or percentages of profits and/or commissions that would have been receivable by the insured on the date of the fire from the sale of the damaged merchandise in the ordinary course of the insured's business.

Where the word "property" is used in this policy or clauses attached hereto, it is understood to mean commissions and/or profits on the merchandise described.

(Attach Co-insurance and other usual clauses.)

Note:—Usually written at the stock rate.

PROFITS AND/OR COMMISSIONS FORM

\$....On net profits and/or net commissions on merchandise, sold or unsold, while contained in.....

If during the term of this policy the said merchandise, or any portion thereof, shall be destroyed or damaged by fire, this Company shall be liable for its pro rata share of any ascertained loss of net profits and/or net commissions on said merchandise which may result from such fire, not exceeding its pro rata share of an amount equal to the net profits and/or net commissions on said merchandise which would have been receivable by the insured if the said merchandise had been sold in an undamaged condition on the date of the fire at the insured's usual rate of net profits and/or net commissions.

Where the word "property" is used in this policy or clauses attached hereto, it is understood to mean net commissions and/or net profits on the merchandise described.

CO-INSURANCE CLAUSE.—It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the insured shall at all times maintain insurance on net profits and/or net commissions insured by this policy of not less than.....per cent of the net profits and/or net commissions which would have been earned from the sale, in the ordinary course of business, of the entire stock on hand at the time of the fire, and that failing so to do the insured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of the loss.

(Attach other usual clauses.)

NOTE: Usually written at double the stock rate, because a small damage to merchandise might cause a claim for total loss of profits or commissions.

PROFITS FORM*(Contingent on loss of samples.)*

\$....On loss of profits consequent on the damage or destruction by fire, occurring during the term or under the conditions of this policy, of the season's samples of hats, while contained, etc.

It is hereby understood and agreed that the loss of profits referred to above is fixed for the purpose of this insurance at the rate of \$....for each sample hat destroyed or so damaged by fire as to be unsuitable for the purpose intended.

Attach Lightning, and Coinsurance clauses, and others, usual or required.

PROFITS OR COMMISSIONS FORM

Note.—This form may be used to cover a retail dealer in automobiles against loss due to non-delivery of autos because of fire causing the factory where they are made to suspend production.

\$100,000 on profits, contingent upon the delivery of automobiles by the.....Company of....., to the assured or their customers wherever located in New England.

It is understood and agreed that the conditions of this insurance are that if by reason of fire occurring in any of the buildings used for manufacturing purposes by the Company of, which prevents the assured from receiving automobiles for any one month or months, or any part thereof, under their contract with the said Company, then this company shall be liable for loss of profits sustained by the non-delivery of said automobiles during any month, months, or any part thereof and until such time as the said Company of, can resume production of cars according to its contract, and not to be limited by expiration of policy, said loss of profits to be based at the rate of ten per cent. (10%) of the catalog list price, but not exceeding the amount of this policy.

It is further understood and agreed that after any fire and the resumption of manufacturing by theCompany of..... the furnishing of excess delivery of cars above the amount specified for any month after the fire shall not be construed as filling the contract with assured for any month or any part thereof during any shut down caused by fire and previous to the resumption of manufacturing by said Company.

In consideration of the rate at which this policy is written it is expressly stipulated and made a condition of this contract that this company shall be liable for no greater proportion of any loss than the amount hereby insured bears to the actual yearly profits on the property described herein at the time when said loss shall happen based on the 300 working days immediately preceding the fire.

(Add usual clauses.)

PROFITS OR COMMISSIONS FORM

RICHARD ROE AND COMPANY

\$....On their profits accruing from their contracts for the purchase of the output of.....from the John Doe Co., at.....

It is understood that the estimated output of said factory is..... yards annually, on which the profit to the insured is estimated and fixed for the purposes of this insurance at \$.....per yard.

It is the intention of this insurance to indemnify the insured for loss of profits due to the suspension or diminishing of the output ofby the John Doe Co. at such factory directly resulting from the destruction of or damage to the buildings or plant of the John Doe Co. by fire and/or lightning, at the rate of 1/300th of the amount of this insurance, being \$.....per day, from the time of the suspension or diminishing of said output to the date when normal production of.....may with reasonable diligence be resumed.

Should the normal production be diminished only, then this insurance shall be liable for that proportion of the said \$.....per day in which said production is diminished.

It is understood that Richard Roe and Co. has no control over the factory of the John Doe Co., and that said factory has the privilege of working at such hours and of doing such work and using such materials as may be deemed necessary, anything in the policy to the contrary notwithstanding.

(Add other necessary clauses.)

DIVISION XV

EXCESS, FLOATING AND GENERAL COVER CONTRACTS

These terms should not be confused: Floating insurance may be excess and Excess insurance may be floating, but each may be one without the other, while General Cover Contracts are different from either.

In a sense all insurance is floating that does not cover on a specific article, or on a specific and fixed piece of property.

Floating and Excess A floating insurance policy, as the term is generally used, is one that covers the subjects specified wherever they may be within certain prescribed limits; it becomes excess insurance when it covers values (or losses) only in excess of stated amounts, or in excess of some other stipulated limit or limits. An excess insurance policy may be restricted to one location, and attach only on a single subject. As a rule excess insurance, whether floating or applying to a specific location, is not liable except (a) for that portion of a loss which is in excess of the sum of any specific or other insurance applying, or (b) for loss in excess of a stated amount. For example, a concern may maintain \$1,000,000 specific insurance and in addition have an excess policy for \$200,000. In such case the excess policy is liable only for any loss that exceeds \$1,000,000.

Where excess insurance is maintained, the specific or other insurance policies often bear a clause reading somewhat as follows:

“Any excess insurance covering property herein described shall not be held as contributing insurance with this policy.”

An excess policy covering at one specific location often bears a clause reading somewhat as follows:

“Any floating excess insurance covering property described herein shall not be held as contributing insurance with this policy.”

A General Cover Contract, while it may provide for insurance anywhere within wide limits, is not floating insurance, because it requires that insurance shall be specific at stated locations which are given in detail in the statements of value which the insured must render under the terms of said agreement. The General Cover Contract is not a policy of insurance, but rather a contract to insure under specific policies to be written in accordance with rates and rules applying where the property is located; it is in the nature of a general binder for a stated amount, the specific amounts and locations making up the aggregate to be furnished at a stipulated time.

This form of contract to insure is required by large concerns having property in many different localities, usually in different States, where the values, though fairly stable in the aggregate, fluctuate so rapidly as between the various locations that it makes it a practical impossibility to keep covered with separate insurance at each location. With constant shipments to and from widely separated locations it would often happen that insurance would be in excess of—or less than—the actual value at any one point, and in the latter case the insured would be without adequate insurance protection. As a rule, General Cover Contracts are written only on merchandise in warehouses, stores, piers, railway terminals, etc., and do not cover in any manufacturing plant or plant warehouses.

The rules governing the issuance and forms of General Cover Contracts have not as yet become settled practice, and some of the conditions set forth in the sample form may require changing.

The theory upon which increases and decreases at specific locations are permitted at pro rata rates, providing there is no change in the aggregate amount of insurance (see form), is that the insurance in such case is transferred, thus following the usual rule whereby it is permissible to cancel insurance pro rata when it is to be rewritten as of the same date in another location; but if the aggregate amount is diminished this must be at short rates.

Sample forms for Floating insurance and for Excess insurance are given herewith; also a sample of a General Cover Contract:

FLOATER FORM (LIMITED)*(New York City)*

On merchandise consisting principally of.....excluding cotton and other vegetable fibre, tobacco and its products, and petroleum and its liquid products, the property of the assured, or held by the assured in trust or on commission, or on joint account with others, or sold but not delivered, while contained in any or all of the brick, stone or concrete buildings occupied exclusively for storage purposes, and while in transit in or on any of the streets, yards, wharves, piers and bulkheads, in any of the Boroughs of the City of New York, or in the Cities of Jersey City and Hoboken, N. J., and while afloat in transit in the ports of said Cities; subject to the following conditions of co-insurance and to the exceptions named below:

NEW YORK STANDARD AVERAGE CLAUSE

This Company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to one hundred per centum (100%) of the actual cash value of said property at the time such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon.

If the insurance under this policy be divided into two or more items, this Average Clause shall apply to each item separately.

EXCEPTIONS.—This policy does not cover any property which shall at the time of any fire be more specifically insured by this Company or any other insurer.

This policy does not cover on the piers or in the buildings or premises of the New York Central & Hudson River Railroad Co., between 27th and 33rd Streets, and between 62nd and 68th Streets, New York City; nor on the piers or in the buildings or premises of the Erie Railroad, the Central Railroad of New Jersey, the Lehigh Valley Railroad, the Delaware, Lackawanna & Western Railroad and the Pennsylvania Railroad, in Jersey City and Hoboken, New Jersey; nor in any grain elevator or elevator store; nor in any furniture storage store; nor in any building occupied in whole or in part for cold storage purposes (i. e., where artificial refrigeration is used); nor in any building occupied wholly or in part by the insured.

Other insurance permitted without notice until required.

EXCESS FLOATER FORM*(New York City)*

On merchandise consisting principally of.....excluding cotton and other vegetable fibre, tobacco and its products, and petroleum and its liquid products, the property of the insured, or held by the insured in trust or on commission, or on joint account with others, or sold but not delivered, while contained

in any or all of the brick, stone or concrete buildings occupied exclusively for storage purposes, and while in transit in or on any of the streets, yards, wharves, piers and bulkheads, in any of the Boroughs of the City of New York, or in the Cities of Jersey City and Hoboken, N. J., and while afloat in transit in the ports of said Cities; subject to the following conditions of co-insurance and to the exceptions named below:

(1) New York Standard Co-Insurance Clause for Excess Floating Policy.

"If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to.....per cent (....%) of the total cash value of the property covered by this policy (including such excess value) at the time of any loss."

EXCEPTIONS.—This policy does not cover on the piers or in the buildings or premises of the New York Central & Hudson River Railroad Co., between 27th and 33rd Streets, and between 62nd and 68th Streets, New York City; nor on the piers or in the buildings or premises of the Erie Railroad, the Central Railroad of New Jersey, the Lehigh Valley Railroad, the Delaware, Lackawanna & Western Railroad and the Pennsylvania Railroad, in Jersey City and Hoboken, New Jersey; nor in any grain elevator or elevator store; nor in any furniture storage store; nor in any building occupied in whole or in part for cold storage purposes (i. e., where artificial refrigeration is used); nor in any building occupied wholly or in part by the insured.

Other insurance permitted without notice until required.

EXCESS FLOATER FORM

(New York City)

On cotton and other vegetable fibre, the property of the assured or held by the assured in trust or on commission or on joint account with others or sold but not delivered, while contained in any or all of the brick, stone or concrete buildings occupied exclusively for storage purposes, and while in transit in or on any of the streets, yards, wharves, piers and bulkheads, in any of the Boroughs of the City of New York, or in the Cities of Jersey City and Hoboken, N. J., and while afloat in transit in the ports of said cities; subject to the following conditions of co-insurance and to the exceptions named below:

(Balance of this form is the same as the foregoing.)

CLOTHING FLOATER FORM

\$....On clothing manufactured and in process and all materials and supplies used in the making or repairing thereof, including labor of employees, while contained in the dwellings, shops or rooms of tailors and their employees, being made up for the trade of the insured, situate within the boundaries of the City of.....

It is understood and agreed that this policy does not cover direct or indirect loss by fire in the main manufacturing premises of the insured, situate.....; that in case of specific insurance on any property covered by this policy, this Company shall not be liable unless and until the amount of loss exceeds the said specific insurance, and then for the excess amount only; that this policy shall not be invalidated by any act or neglect of any occupant of the buildings containing the property insured; that permission is given to keep and use such materials and supplies as are necessary, for other insurance, and to make additions, alterations and repairs.

(Add other usual or required clauses, including Coinsurance.)

CLOTHING FLOATER FORM

\$....On clothing manufactured and in process and all materials and supplies used in the making or repairing thereof, including labor of employees, while contained in the dwellings, shops or rooms of the tailors and their employees, being made up for the trade of the insured, situate within the boundaries of the City of.....

It is understood that the liability of this Company under this policy is limited in any one building, or by any one fire, to ten per cent. (10%) of the amount hereby insured. In the event of a conflagration, or the burning of two or more buildings, it is understood that for the purpose of this insurance the burning of each separate building will be considered a separate fire, and subject the Company to its corresponding liability. In case of specific insurance on any property covered by this policy, this Company shall not be liable unless and until the amount of loss exceeds the said specific insurance, and then for not to exceed ten per cent. (10%) of this policy.

It is understood and agreed that this policy shall not be invalidated by any act or neglect of any other occupant of the buildings containing the property insured.

(Add usual or required clauses, including coinsurance.)

Note:—The following condition is sometimes included in the clothing floater forms:

"It is also expressly agreed and understood that if any part or portion of any suit manufactured or partly manufactured or in process of manufacture, or any materials manufactured or unmanufactured, or in process of manufacture, intended to form part of an entire suit shall be destroyed or damaged and the

assured cannot in the open market obtain materials for the purpose of repairing or replacing the part or portion so damaged or destroyed then and in that event, this company shall pay the actual cost of entire suit, upon surrender to the company of the undamaged portions thereof, manufactured or unmanufactured or in any process or manufacture, and the assured warrants that he will first endeavor to repair such portion damaged or destroyed, if it be possible to do so with reasonable diligence, within fifteen days from the date of such fire or fires and this clause shall apply whether such suit shall be located or be in process of manufacture in one place or in different portions thereof in different places."

MANUFACTURING FLOATER FORM

On.....and on goods and materials for making same, finished and unfinished, the property of the assured, or held by the assured in trust, while in possession of other parties to be made up, and while contained in any building in.....excepting any place or building used for a prison or penal institution, and excepting in any building occupied in whole or in part by the assured.

This policy does not apply to or cover in any premises where the above goods or materials are sent for the purpose of being cleaned, sponged, dyed, shrunk or refinished; nor while in any express office or depot, nor while in charge of any express or railroad company or other common carrier.

It is further expressly understood and agreed that this insurance shall not cover on any lot or parcel of goods which shall be more specifically or definitely located or described in any other insurance in this Company, or in any other Company or Association, excepting on the excess of value of such property over and above such specific insurance, and this Company shall only be liable on such specifically insured property for its share of such loss, after all such specific insurance is exhausted.

Also that wherever this insurance may cover, not more than \$.... (10 per cent. of the face of the policy) shall apply or cover in any one building, and in no event shall this Company be liable for any greater proportion of any loss than the amount insured bears to the actual cash value of all the property covered by this policy.

Other insurance permitted without notice until required.

THEATRICAL FLOATER

\$....On personal effects, theatrical costumes and equipments (except money, bullion, deeds, evidences of debt and securities of any kind, manuscripts, merchandise, automobiles or motor cycles of any kind), the property of the assured and family and servants accompanying assured or family wherever they may be, or while

being transported by train, boat, or conveyance of any kind, in the United States of America or Canada.

It is understood and agreed that this policy does not cover in any place where the assured has specific insurance on the above described property, or while in the residence of the assured.

It is understood that if, in case of loss, and by reason of such loss, the assured shall acquire a right of action against any individual, firm or corporation for damage to the property above described, assured will sign and transfer such claim to this company upon receiving payment for loss from this company, and subrogate this company to all assured's rights and demands of every kind respecting the same, and permit suit to be brought in assured's name, but at this company's risk and expense.

In case the property above described shall be in different places, this policy covers at each place that proportion of the whole amount of this policy that the value of the property in each place bears to the value of all.

But it is at the same time declared and agreed that if any property included in the terms of this policy shall at the time of any fire be insured in any Marine Insurance Company, this policy shall not extend to cover the same, excepting only as far as relates to any excess of value beyond the amount of such Marine insurance or insurances, and shall not be liable for any loss unless the amount of such loss shall exceed the amount of such Marine insurance or insurances, which said excess only is declared to be under the protection of this policy. It being the true intent and meaning of this agreement that this Company shall not be liable for any loss, unless the amount of such loss shall exceed the amount of the Marine insurance or insurances, and then only for such excess.

This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado or wind-storm), not exceeding the sum insured, nor the interest of the assured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property, this Company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

THEATRICAL FLOATER FORM

(Attached to Inland Marine Policy)

On Scenery, Costumes and Theatrical Properties of every description used in the production of the Play known as..... (warranted only one company of that name) against loss or damage caused by fire, collision or derailment, to an aggregate amount in all places of.....dollars while in transit by, or in the custody of, any Railroad, Express, Transfer and/or other Transportation Company, while on land, and against Marine

perils while on Ferries, and/or in cars on Transfers in connection therewith, and against fire while contained in any business or theatrical building.

Also risks against above-mentioned perils while on Docks, Wharves, Piers and/or Bulkheads, and/or Depots, Stations and/or on Platforms, incidental to transportation.

This Policy to attach and cover from noon of.....19...., to noon of.....19...., standard time at place of insurance.

Subject to terms and conditions on back of application.

.....Applicant.

Approved.....

.....19....

LAUNDRY FLOATER (PERSONAL)

(S. E. U. A.)

\$....On the used personal property of assured and family while temporarily removed from the place where it is ordinarily kept to any building or premises occupied for laundry or dry cleaning purposes, located in.....

This policy does not cover or attach in or on the premises of the assured.

It is hereby stipulated that in case the property covered hereunder is in more than one place, this policy is to attach in each location in proportion as the value in each bears to the value in all.

This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado or wind-storm) not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property, this Company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the assured shall at all times maintain insurance on each item of property insured by this policy of not less than seventy-five per cent. of the actual cash value thereof, and that, failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss.

But it is at the same time declared and agreed that if any specific property described above, included in the terms of this policy, shall, at the time of any fire, be insured in this or any other company, this policy shall not extend to cover the same, excepting only as far as relates to any excess of value beyond the amount of such specific insurance, and shall not be liable for any loss

unless the amount of such loss shall exceed the amount of such specific insurance (disregarding the liability of the assured as an insurer under any coinsurance clause, under such specific insurance), which said excess only is declared to be under the protection of this policy and subject to average aforesaid.

Other concurrent insurance permitted.

EXCESS INSURANCE FORM

(Illustration)

\$....On stock consisting principally of.....while contained in the.....building and additions adjoining and communicating, situate.....

It is hereby understood and agreed:

That the insured shall maintain \$.....specific insurance on the above described stock; that this insurance shall not be liable for any loss except for that portion in excess of said \$....., and then only in the proportion that the total amount of the insurance under this policy shall bear to the excess of the value of stock over the said \$.....

(Attach usual clauses.)

EXCESS INSURANCE FORM

(Illustration)

\$....On the building and additions adjoining and communicating, and on all contents thereof, (including property specifically enumerated in the policy on which liability is required to be specifically assumed, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, or securities), belonging to the insured, or in which the insured has an interest to the extent of such interest, or for which the insured may be liable at the time of fire, occupied principally for.....purposes, situate.....

It is understood and agreed that this insurance shall not be prejudiced by the fact that any of the property herein insured is located on land to which the assured has not title in fee simple, it being the intention that the insurance covers on any and all buildings and property as specified herein that are located on land for which assured holds lease, easement, right of way or any other title; and also covers in cases where as yet no title has been acquired. It is further understood and agreed that any error in description, location, situation, occupation or non-occupation of any building or other property named herein shall not operate to the prejudice of the insured.

Other insurance permitted without notice until required.

It is understood and agreed that this insurance does not cover cost of excavations and foundations of buildings below the level of the ground.

It is understood and agreed that above property may be occupied or used for such purposes as the interest of the assured may require with the customs and hazards incident thereto and may be unoccupied during the customary season.

Permission for mechanics and others to work on the premises day and night, and to make ordinary additions, alterations and repairs but this shall not be held to include the constructing or reconstructing of the building or buildings or the erection of an addition or the enlargement of the premises.

All the foregoing provisions to be held binding as special agreements, anything in this policy contained as to storage or occupancy, use of property, or as to its hazardous or extra hazardous character or otherwise to the contrary notwithstanding.

Electric Light Clause and Lightning Clause attached.

It is understood and agreed that this insurance shall not attach and that no claim shall be made hereunder unless the loss on the property above described, by or in consequence of any one fire exceeds \$100,000 and then this insurance shall be liable only for its proportion of loss in excess of said \$100,000.

This Company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to ninety (90%) percentum of the actual cash value of said property at the time such loss shall happen.

NOTE: The following form was used to protect a telephone company against loss on telephone apparatus in hands of subscribers scattered throughout a given city.

TELEPHONE COMPANY FLOATER

.....Telephone Company.

\$....On the telephones, telephone instruments, switchboards, exchanges, wires, cables, operating tables and attachments and all other equipment and paraphernalia and furniture and fixtures pertaining thereto, while contained in or on, or attached to any building or buildings in the corporate limits of....., except the premises of the insured occupied by them for Central Office Telephone Exchanges and supply warehouses and property upon which they have specific insurance, covering such property against the same hazard.

In consideration of the rate and/or form under which this contract is written, it is expressly understood and agreed that the insured shall not make claim for any loss less than \$.... in amount nor shall this Company be liable for more than its pro rata proportion of \$.... in any one building, or communicating building not separated by fire walls or standard cut off.

In case of loss or damage the insured shall give this Company notice thereof without delay, but may make immediately all

necessary repairs, and shall not be required to furnish proofs of loss until such repairs have been completed.

(Attach coinsurance and other usual clauses.)

NOTE: This form was used to protect a gas company against loss, due to explosion of any of its meters, in case it was held liable for ensuing damage.

GAS COMPANY LEGAL LIABILITY

On its legal liability for damage to property wherein gas is served by the insured located.....

This policy does not cover damage to city or other public property, or to public streets, highways and pavements, or to property in, on or under streets, highways and pavements.

It is understood and agreed that this legal liability insurance does not apply to any properties occupied by the insured.

Anything in the printed conditions of this policy to the contrary notwithstanding, liability hereunder is limited to direct loss or damage to property by explosion of natural gas served by the insured for a consideration in said city; but damage by fire is not covered whether resulting from such explosion or not.

The liability of this company in any one loss is hereby limited to.....

It is hereby warranted by the assured that there were twenty-three thousand meters in use as shown by its books at the time this policy was issued and it is a condition of this insurance that if the number of meters increase in an amount exceeding 10% of the original total, then in event of loss this insurance shall not be liable for an amount greater than the original number of meters insured bears to 90% of the total number of meters in use at the time of loss.

It is a condition of this contract that the insured shall give immediate notice of any claim for damage to property served by it, and that the insured shall immediately forward to the company's home office copies of every summons or other process as soon as same is served. No expenses of adjustments, attorneys' fees, or legal expenses of any nature shall be charged to..... Insurance Company without its knowledge and consent.

GENERAL COVER CONTRACT

(Illustration)

In consideration of one dollar (\$1) and further considerations under the terms, conditions and stipulations hereinafter mentioned does insure.....for the term of one year from the..... day of.....19...., at noon, to the.....day of.....19...., at noon, against all direct loss or damage by fire or lightning, to an amount not exceeding.....per cent. (%) of the value

of the property as shown by the statements of values rendered by the insured as herein provided to the following described property while located and contained as follows and not elsewhere, to-wit:

At any place or places throughout the United States of America, excluding the State of Michigan and the City of Greater New York, N. Y., as reported to and specifically described in a list furnished by the insured on the date of the signing of this contract, filed in the office of this company, and forming a part of this contract.

It is the intent of this contract to protect the interest of the insured to the extent as herein provided, upon property as above described, in the buildings and on the premises specifically described in the list referred to in the preceding paragraph, pending the issue of policies by duly authorized and commissioned resident agents of this company, according to the following terms, conditions and limitations.

It is understood and agreed that no claim for loss in any one location shall be made hereunder for any greater sum than..... per cent. (....%) of \$....

This contract is issued as a special agreement with the insured, who covenants and agrees to keep a set of books showing a complete record of the value of the merchandise as above described, and on the day of the signing of this contract, to furnish this company with a statement showing the value on that date of the merchandise above described, and the amount of any other or additional fire insurance covering the property, contained in the buildings and on the premises enumerated in the list filed as previously provided.

Upon receipt of such data policies for amounts equaling the liability at each location as shown by such statements are to be issued at the various agencies of this company, in conformity with the laws of the respective states, and the policies are to be filed in the office of this company as a part of this contract. Premium shown by the policies so issued shall constitute a further consideration under this contract.

On the.....day of each month following the date of the commencement of the term of this contract, the insured agrees to furnish this company with a statement showing the value on that day of the merchandise above described and the amount of any other or additional fire insurance, covering the within described property, contained in each one of the locations enumerated in the list filed as above provided.

At such stated periods any new locations may be added to the list, and this contract shall include and attach at these points in the same manner as at the locations previously enumerated.

Upon receipt of such advices the amount of insurance under this contract shall be increased or reduced to an amount equal

to the value of the merchandise on that day after deducting all other fire insurance as shown by such statements, and policies are to be issued as previously provided, or endorsed to such amounts as are shown by the statements to be the amount of insurance under this contract, at each location enumerated in the list of locations filed by the insured as called for under the terms and conditions of this contract.

Such changes are to be made in accordance with the rules and regulations locally applying.

It is understood and agreed that should any of the within described property at the locations contained in the list as previously provided be damaged or destroyed by fire between the dates provided for the reporting of values by the insured, this Company agrees that this contract shall attach to the extent of not exceeding.....per cent. (....%) of the value of the property at each location as shown by the books of the insured at the time of the fire, after deducting all other fire insurance covering the property, but is further understood and agreed that no claim for loss in any location shall be made hereunder for any greater sum than.....per cent. (....%) of the limit of liability noted herein.

If during the term of this contract the insured shall acquire any property as described above, not already included in the list of locations filed with the companies at the date of the commencement of the term of this contract, as herein provided, this contract shall automatically apply and cover at such point or points to an amount not exceeding.....per cent. (....%) ofDollars (\$....) in any one building, until the new location or locations are reported in the next monthly list of values, to be rendered by the insured as herein stipulated. It is understood and agreed, however, that the above does not apply to any location or locations in the State of Michigan and the City of Greater New York, N. Y., which is excluded from all coverage under this contract.

Provided that at the date of the rendering of the last preceding monthly statement of values by the insured, he or they had no interest in or responsibility for such property, and that at the time such automatic cover was assumed as above, the property had not been affected or threatened by fire.

This insurance to be subject to the printed conditions of the forms of policies issued by agents of this company as herein provided, the New York Standard form of policy in such states where this form is prescribed for use or required by law, and the Standard form of policy required by law in states where this form is not permitted.

It is understood and agreed that the word "noon" as used in this contract is intended to mean "noon" standard time, at the

place where the property which is the subject of this insurance is situated.

REDUCED RATE CONTRIBUTION CLAUSE

In consideration of the reduced rate and/or form under which this contract is issued, it is expressly stipulated and made a condition of this contract that in the event of loss this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to One Hundred Per Cent. (100%) of the actual value of the property described herein, at the time when such loss shall happen, nor for more than the proportion which this contract bears to the total insurance thereon.

In the event that the aggregate claim for any loss is both less than Ten Thousand Dollars (\$10,000) and less than Five Per Cent. (5%) of the amount of insurance upon the property at the location where and at the time such loss occurs, no special inventory or appraisal of the undamaged property shall be required.

The foregoing conditions shall apply separately in each location at which this contract covers.

LIGHTNING CLAUSE

This contract shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured nor the interest of the insured in the property and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

This contract shall be canceled at any time at the request of the assured; or by the Company by giving fifteen days' notice of such cancellation, which notice shall terminate all insurance thereunder.

It is understood and agreed that the insured shall be indemnified for not more than that proportion of the loss which the last reported value of stock bore to the actual value of stock at the time of such last report, and in no event for more than the actual loss.

DIVISION XVI

MISCELLANEOUS FORMS

Herein are included various unclassified forms which may prove of value. This list might be extended almost indefinitely, for there are a very large number of special conditions which require forms drawn to provide the specific cover necessary. This is particularly true of those forms that cover contingent liabilities, but these vary so greatly as to make any one form of little value.

BUILDER'S RISK—OWNER'S FORM

(Contractor's interest not covered)

\$....On the interest of the insured to the extent of payments made thereon in the.....building and additions, in course of construction, including all fixtures installed therein, situate.....

(Attach usual or required clauses.)

BUILDER'S RISK—CONTRACTOR'S FORM

(Owner's interest not covered)

\$....On the interest of the insured in the.....building and additions in course of construction, including all materials and supplies therefor, also all contractor's equipment, while on the site of said building or within.....feet thereof, situate.....

(Attach usual or required clauses.)

BUILDER'S RISK FORM

(Owner's and contractor's interest)

\$....On the.....building and additions, in course of construction, including all permanent fixtures and all materials and supplies for use in the construction or completion of said building, while contained on its site or within.....feet thereof situate

(Attach usual or required clauses.)

Note.—With this form policy may be issued to owner and contractor as interest may appear, or, to either individually with loss payable to the other as interest may appear.

BUILDER'S RISK FORM

(Uniformity West)

\$....On the.....story.....roof.....building, including plumbing, electric wiring and stationary heating, lighting and

ventilating apparatus and fixtures therein; and all permanent fixtures belonging to and constituting a part of said building, which is now in process of erection and to be occupied when completed as a.....and, when not otherwise insured, this item shall also cover building materials to be used in the construction of said building while contained therein or on the premises immediately adjacent thereto; situated.....City of.....Town of.....State of Ohio.

It is made a condition of this insurance that the premises shall not be occupied for manufacturing, mercantile or for any other purposes during the continuance of this policy, without obtaining the written consent of this company hereon; excepting that machinery may be set up and operated solely for the purpose of testing the same without prejudice to this policy.

CAUTION: See that due care is exercised in regard to cleaning up shavings, oily rags, and other refuse.

Any loss under this policy that may be proved due the assured shall be payable to the assured and.....subject, nevertheless, to all the terms and conditions of the policy.

Other insurance permitted.

(Attach usual clauses.)

BUILDERS' RISK

(S. E. U. A.)

\$....On the.....story.....building, with.....roof, its additions and foundations, including permanent heating apparatus, gas and electric light fixtures and wires, plate and stained glass, wall and ceiling decorations, frescoes, gas and water pipes, plumbing, and all permanent fixtures, now in course of construction; also all material to be used in the construction of said building, while in and on the premises, situated No.....on the.....side of.....Street, Block No.....in..... When completed to be occupied for.....purposes only, provided the consent of this Company is endorsed hereon.

If the above building is to be occupied for manufacturing purposes, assured may set up machinery, but warrants that it will not be operated except for testing purposes, unless permission is endorsed hereon.

Any loss that may be ascertained and proven to be due the assured under this policy shall be held payable to.....as interest may appear, subject, nevertheless, to all the terms and conditions of this policy.

CONTRACTOR'S FORFEIT INTEREST FORM

On the interests of the assured, as set forth below, as contractors in building, additions and extensions in course of construction situate on premises of.....said interest to be based upon an

agreement in their contract whereby a forfeit or penalty of Fifty dollars (\$50) a day is exacted from the assured if said building is not completed by.....(date)

The object of this contract is to indemnify the insured for loss by reason of said forfeiture or penalty which the insured will be obliged to pay on account of their inability to complete said building, additions and extensions, due to loss or damage by fire or lightning, occurring therein; it being understood and agreed that this company will pay the insured Fifty dollars (\$50) per day for each day from (insert date), to the time when, with ordinary diligence and dispatch, said building, additions and extensions can be completed and the contract fulfilled.

CONTRACTOR'S INTEREST FORM

(Illustration)

\$....On the interest of the insured in any and/or all brick, slate roof dwellings, completed, uncompleted or that may hereafter be erected, including all materials and supplies for use in construction thereof, located at.....

It is the intention to cover additions adjoining and communicating including foundations, plumbing, steam, gas and water pipes; lighting and heating apparatus and all permanent fixtures; plate and ornamental glass and fresco work without description; also storm doors and windows, screens, screen doors, awnings whether in position or stored in any of said buildings.

This policy does not cover on any dwelling which is the subject of most specific insurance, except to the extent of the insured's interest therein which is not covered by such specific insurance.

Permission is granted for other insurance without notice until required; for mechanics to make necessary alterations, additions and repairs; to use kerosene* oil, city or natural gas and/or electricity for lighting and/or heating purposes; to be vacant as occasion may require.

Attach Lightning Clause.

Attach 90% Reduced Rate Average Clause.

CONTINGENT LIABILITY FOR FINES

\$....On the liability of the insured for the payment of fines to the United States Government under a contract dated.....

It is understood that the foregoing contract between the insured and the United States Government is for.....; that these are to be delivered as follows:

25% of the number within two months from the approval of sample and not less than 10% per month thereafter; that for failure to deliver in contract time the insured is liable to a fine per day amounting to 1/20th of 1% of the contract price, but not

to exceed a total fine of more than 10% of the contract price; that these.....are being or to be manufactured at.....

It is hereby declared to be the intention of this insurance, that, if by reason of fire or lightning the above mentioned premises or materials or stock are so damaged as to prevent the delivery of the said.....within the contract time, this Company shall be liable to indemnify the insured for such fines as he is obliged to pay to the United States Government under the above contract.

Note:—Policy written for 10% of the contract price.

EXPRESSMAN'S OR TRUCKMAN'S FORM

\$....On personal property of every kind and description, including that enumerated in the policy on which liability is required to be specifically assumed, but excluding loss to accounts, bills, currency, deeds, evidences of debt, money, notes, or securities, the property of the insured; also on the interest of the insured in and/or liability for similar property held by him and belonging in whole or in part to others, or held on storage or for repairs; all while contained, etc.

(Attach usual or required clauses.)

FIRE PREMIUMS FORM

\$....On fire premiums paid by the insured for (five) year term insurance (as per form filed in the office of.....) on building and permanent fixtures situate.....

It is understood and agreed that the amount of this policy shall decrease at the rate of \$.....per diem (20% per annum) until exhausted at the expiration hereof.

It is further understood and agreed that the liability for loss or damage under this policy shall be the percentage of loss or damage under the insurance represented by the fire premiums above described, and said percentage on such portion of the amount of this policy as remains in force at the occurrence of a fire shall be the measure of loss hereunder.

THEATRICAL SPECIAL INTEREST FORM

On the following described interest of the insurance in the building and/or its equipment, known as the.....and situate

It is hereby understood and agreed that the Assured under this policy has agreed to give 20 performances in above theatre.

Now it is hereby further understood and agreed between the Assured and this Company that in event the building named above and/or its equipment, shall be destroyed or so damaged by fire that the Assured is prevented from giving the perform-

ances agreed upon and referred to above, then this Company shall pay the Assured the sum of \$8,500 for each performance so prevented, but not exceeding \$170,000 in all.

It is understood and agreed that if it be not possible to rebuild or repair said theatre but the Assured is enabled to make some arrangement to give the performances or any part of them in some other building in the same city, then this Company shall be liable for each performance for the difference between the original guarantee of \$8,500 and the new guarantee, if any. It being the true intent of this Policy of Insurance to indemnify the Assured for any actual loss of contract remuneration which they may suffer by fire as above specified.

Other insurance permitted.

Lightning Clause attached.

Privileged to do such work and to use such materials as are usual in the business of a Theatre.

Permission for mechanics to be employed for alterations and repairs in the within-described premises.

It is understood and agreed that this Contract shall be presumed and construed to have all necessary clauses, privileges and permissions that may be necessary to keep it in full force and effect.

IMPROVEMENTS INSURANCE

Improvements to the premises made by the lessee, whether they become at once the property of the building owner or revert to the owner at the expiration of the lease, are almost invariably a loss to the lessee whenever the lease is cancelled, as under practically all leases the cancellation of the lease wipes out the lessee's interest in improvements. Even though the lease be not cancelled, a fire may cause serious damage to the improvements, which the owner may not be obliged to make good, and improvements insurance should therefore be carried for protection against both partial and total losses.

To protect the lessee's interest in improvements we recommend that the building insurance and the lessee's policy covering fixtures contain a clause specifically excluding improvements; that specific insurance for the improvements be written for the amount of their value jointly in the names of the owner and lessee as interest may appear, and that the owner and lessee also make a separate agreement specifying the extent of the latter's interest as may be agreed upon.

IMPROVEMENTS FORM

INSURED:, owner, and....., lessee, as interest may appear.

\$....On improvements made by the lessee named herein to the building situate.....

(Attach the usual clauses, including coinsurance where building and/or fixtures would be written with coinsurance.)

IMPROVEMENTS AND BETTERMENTS FORM

\$....On improvements, additions and betterments, consisting principally of.....installed as a part of the building or permanent fixtures by the insured, under the terms of a.....year lease dated....., on or in the building, situate.....

It is hereby understood and agreed:

That the above building is occupied principally for.....purposes;

That this policy shall not cover on building or fixtures outside of the improvements, additions and betterments herein described;

That this Company shall not be liable hereunder for any loss to property which, by the terms of the aforesaid lease, the landlord or owner of building is obligated to repair or replace.

(Attach usual or required clauses.)

IMPROVEMENTS AND BETTERMENTS FORM

\$....On improvements, additions, and betterments, consisting principally of.....installed as a part of the building or permanent fixtures by the insured, under the terms of a.....year lease, dated....., on or in the building, situate.....

It is understood and agreed that the insured's interest in the value of improvements, additions, and betterments shall be in no greater proportion than the unexpired time of the lease bears to the full term of the lease, and any claim for loss or damage on such interest in improvements, additions and betterments shall be adjusted upon this basis.

It is also understood and agreed that this Company shall not be liable hereunder for any loss to property which, by the terms of the aforesaid lease, the landlord or owner of building is obligated to repair or replace.

Other insurance permitted without notice until required.

Privileged for present communications, to work overtime, nights, Sundays and holidays; to use steam, and gas for heat, light and power; to use kerosene oil stoves, for heating and cooking purposes.

Work and Materials Clause attached.

Mechanics Privilege attached.

N. Y. Standard Electric Light Permit attached.

Note.—It is preferable, where possible, to insure improvements and building jointly in the names of owners and lessee, as interest may appear, but the above form may be used when necessary to cover the lessee separately.

LEGAL LIABILITY FORM

(New York)

(Liability Disclaimed)

\$....On their legal liability in or for merchandise, baggage and/or freight held in their custody as common carriers, warehousemen, wharfingers, forwarders or freighters.

The purpose of this insurance is to indemnify the insured for their legal liability, if any, to the amount they are obliged to pay on the above mentioned property by reason of loss or damage by fire, and it is understood that liability for such loss or damage by fire is and will be disclaimed in bills of lading, shipping receipts and other similar documents.

It is also understood and agreed that all claims against the insured (provided the claim or claims are not in excess of the amount insured) shall be resisted under the direction and control of this Company, the cost of such resistance (whether conducted by the insured or this Company) to be paid by this Company in the proportion that the amount of this policy bears to the total amount of such claim or claims.

In the event of loss hereunder this Company shall be subrogated to all claims upon owners of such property to the extent of payment made to them.

(Attach Lightning and other clauses.)

Note:—Sometimes in place of the words "disclaimed in bills of lading, etc.," the following language is used: "Limited to their legal liability under the Bill of Lading approved by the Interstate Commerce Commission, June 27, 1908." This disclaimer is not as broad as the one in the form.

LEGAL LIABILITY FORM

(Liability Not Disclaimed)

\$....On their legal liability in and for merchandise, baggage and/or freight held in their custody as common carriers, warehousemen, wharfingers, forwarders or freighters; also on their interest in all advances or other charges due or to become due upon all merchandise, baggage and/or freight, while contained in.....situate.....

It being mutually understood and agreed that if claim is made against the insured for merchandise, baggage and/or freight held by them as above provided, the insurers shall have the option of either admitting such claim for payment or of resisting it in court,

the legal expenses incurred in such resistance to be borne by the Insurance Companies interested in the proportion that the total amount of insurance shall bear to the total amount of such claim or claims.

(Attach Lightning and other clauses.)

NAVAL STORES—FLOATER

(S. E. U. A.)

\$.... On naval stores and empty packages, spirits in tanks, owned or held by assured in trust, or on commission, or on joint account with others, or sold but not delivered, in all or any of the stores, warehouses, sheds, yards, railroad yards and wharves (..... excepted), or while in transit in, or while on any of the streets in.....

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that it is expressly stipulated and made a condition of the contract that, in event of loss, this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to the actual value of the property described herein at the time when such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

In the event that an aggregate claim for any loss is less than Ten Thousand Dollars (\$10,000) (provided, however, such amount does not exceed five per cent. (5%) of the total amount of insurance upon the property described herein and in force at the time such loss occurs), no special inventory or appraisalment of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing condition shall apply to each item separately.

Other insurance, concurrent herewith, permitted without notice until required.

NAVAL STORES

(S. E. U. A.)

Name of Assured.....

On Naval Stores and empty barrels, spirits in tanks, owned or held by the assured in trust or on commission, or on joint account with others, or sold but not delivered, contained in sheds, warehouses and on yards used by the assured, and known as Naval Stores Warehouse Company's Yards, in.....

The insurance also covers above described property while on or in cars in the yards named above.

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that it is expressly stipulated and made a condition of the contract that, in event of loss,

this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to the actual value of the property described herein at the time when such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

In the event that an aggregate claim for any loss is less than Ten Thousand Dollars (\$10,000) (provided, however, such amount does not exceed five per cent. (5%) of the total amount of insurance upon the property described herein and in force at the time such loss occurs) no special inventory or appraisal of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing condition shall apply to each item separately.

This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning), and in no case to include loss or damage by cyclone, tornado or wind-storm, and not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property this Company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

The property covered by this policy may be pledged without notice as collateral security for loan, but loss, if any, under this policy shall be adjusted with the assured, and is payable only to the assured or their order endorsed on or attached to this policy.

Other insurance warranted concurrent herewith, permitted without notice until required.

NURSERYMAN'S FORM

(*Advances*)

\$....On advances actually made by the insured to agents for goods sold, it being the intention of this insurance to reimburse the insured for such advances in case goods sold are so damaged or destroyed by fire that they cannot be delivered, and the insured is unable to replace them in time for delivery, all such advances being on goods while contained in the.....building and in trenches adjacent thereto, situate.....

(Attach usual clauses.)

Note.—The above insurance covers advances or commissions actually paid to agents. Goods are sold through canvassing agents to whom commissions are paid weekly on receipt of orders. These orders are taken during the fall and winter for shipment in April. Should loss occur, it would be difficult or impossible to replace the goods, in which case orders could not be filled, and the advances or commissions paid to agents would be lost as well as the value of the goods.

REINSURANCE FORM

(Approved by the National Board of Fire Underwriters)

This policy is issued as reinsurance to apply to Policy No..... of the.....Insurance Company, and is subject to the same risks, privileges, conditions and endorsements (except changes of location), assignments, changes of interest or of rate, valuations and modes of settlement, as are or may be assumed or adopted by the said company.

The amount payable under this policy shall bear the same ratio to the amount payable by the reinsured company under any and all policies upon the property specified and contained within the limits described herein, that the amount of this reinsurance in force at the time of loss shall bear to the total amount insured by the reinsured company upon such property in force at the time of such loss, and shall be paid at the same time and in the same manner as payment shall be made by said reinsured company.

Other reinsurance is permitted without notice until required.

Note.—A copy of the form attached to the reinsured policy is also made a part of the form of the reinsuring policy.

Where a Retainer Clause is desired to be attached to the foregoing Reinsurance Clause, the following is approved by the National Board of Fire Underwriters:

RETAINER CLAUSE.—The reinsured company shall retain at its own risk, on the identical property covered at the time of any loss, by this policy, over and above all its reinsurance thereon, an amount equal to the amount of this policy upon such property, and, failing so to do, the amount which would otherwise be payable under this policy by reason of said loss shall be proportionately reduced.

REINSURANCE FORM

(Where one company reinsures the entire business of another Company in an agency)

This policy is issued as a reinsurance of the entire liability of the.....Insurance Company under various policies issued through its agency at....., as designated in the schedule filed with the reinsuring company, said schedule being made a part of this contract.

This policy is subject to the same risks, conditions and endorsements, assignments, changes of interest or of rate, valuations and modes of settlement, as are or may be assumed or adopted by the reinsured company.

Note.—The schedule referred to usually contains the following information regarding each risk reinsured:—

Policy Number, Name of Insured, Class of Property, Location, Amount, Rate, Premium, Term, Expiration, and Amount of Earned Premium.

SPECIFIC MACHINES FORM

\$....On machines and machinery of every description, together with attachments and spare and duplicate parts, while held under contract of sale or purchase, leased or for operation on a royalty basis, from (Name of lessee) while contained, etc.

Loss, if any, under this policy to be adjusted with, payable to and recoverable by the insured named herein.

(Attach clauses appropriate to occupancy.)

FORM FOR WALL PAPER SETS

\$....On.....books containing sets of wall paper samples, it being understood and agreed that no one set shall be valued at more than \$....., all while contained in the.....building, situate.....

(Attach usual clauses.)

BUILDING (PORTION ONLY) FORM

(Illustration)

\$....On the third story as hereinafter defined of the three story, metal roof, brick and stone building, including apparatus, piping and fixtures for heating, lighting and water service, together with other permanent fixtures attached to and forming part of the structure, including awnings therein and thereon, all situate.....

It is understood and agreed that this insurance shall attach from the top of the floor timbers that are between the second and third floors, and shall include all of the building, apparatus, fixtures and piping above such point, except that this insurance shall cover only a one-fifth proportionate share of the roof structure, it being understood that the insured has a contract with the owners in fee by which the insured's ownership is defined as in this paragraph.

(Attach usual clauses.)

BUILDING (PORTION ONLY) FORM

(Illustration)

\$....On a portion as hereinafter defined of the three story metal roof, brick and stone building, including apparatus, piping and fixtures for heating, lighting and water service, together with other permanent fixtures attached to and forming part of the structure, including awnings therein and thereon, all situate.....

It is understood and agreed that this insurance shall cover the entire building and fixtures, as above described, up to and including the floor timbers that are between the second and third floors, and shall also cover a four-fifths proportionate share of the roof structure.

(Attach usual clauses.)

NOTE:—The two foregoing forms were used to insure the respective interests in a brick building, where a lodge under a well defined contract had built the third floor for use as a meeting room. It is better practice in cases of this kind to insure the property jointly in the names of both parties "as interest may appear."

PEDIGREE DOG POLICY

Be it known that.....is desirous of effecting an Assurance on the life of.....named.....Reg. No.....during the period from noon.....day of.....19....to noon.....day of.....19....for a sum not exceeding £.....

And whereas the Assured hath paid the Underwriters the sum of.....as premium for the said assurance.....

We the Insurers do hereby agree to bind ourselves each for his own part and not one for another, our Heirs, Executors and Administrators to indemnify the said.....in the above sum against the death of the said.....from mortality by

(a) Fire, Lightning, and Accident as well as the necessity of its destruction arising from any accident which may occur to it during that time and

(b) From Death by natural causes, disease, the Act of God or man, excluding poisoning, but it is herein provided that if death should occur from disease or whelping within two months of date hereof, then only two-thirds of such sum shall be payable.

This Policy only covers whilst the animal is kept within the United Kingdom.

Provided always that the Assured shall cause every animal insured to have sufficient and proper food, water and shelter, and shall at all times and to the best of his knowledge and ability use and exercise every due and proper precaution and safeguard against loss under the policy, the intent and meaning being that the insured animal shall have the same care and attention as if it were uninsured.

It is further provided that in the event of illness or accident to the animal, the Insured shall at his own expense immediately and during such illness obtain the services of a qualified Veterinary Surgeon and shall give notice within 48 hours to The Managers, Pedigree Dog Policies, 94/5 Cheapside, London, E.C. 3.

Whenever Death shall occur to the animal hereby insured by reason of the negligence, carelessness or wrongdoing of any person the Assured shall not claim or accept compensation from such person without consent of the Underwriters, but shall give the Underwriters all necessary information to secure such compensation and it shall be the right of the Underwriters to sue in the name of the Assured and recover compensation from the

persons causing such death, and any compensation so recovered shall be the property of the Underwriters but not exceeding the sum insured.

No insured animal shall be operated on nor destroyed unless in the interests of humanity or when deemed necessary on the advice of a qualified Veterinary Surgeon.

We hereby further agree to indemnify the Assured against all sums for which he shall become legally liable during the said period as and for compensation in respect of personal injury to any person other than a person in the Assured's service directly or indirectly, or acting on his behalf or his Employers or a member of the Assured's family, caused by the insured animal biting any person.

Provided always that in no case shall the Underwriters indemnify the Assured to a greater extent than £100 (One hundred), inclusive of costs, charges and expenses payable to the Assured or any Claimant.

The insured shall not, except at his own cost, negotiate, pay or settle any claim without consent of Underwriters.

If the risk specified shall be enhanced by any increase in the number of dogs the Insured shall within one week after such enhancement give notice and pay such extra premium as may be required.

Upon the happening of any event likely to give rise to a claim, due notice shall be immediately given to.....together with all necessary information.

The Insured shall comply with all statutory regulations for the time being in force.

No other insurance permitted.

Any material misrepresentations, omissions or concealment of any facts or non-compliance with or contravention of any of the foregoing clauses or the making of any claim knowing same to be false and fraudulent shall render the Policy null and void.

NOTE: This is a form used to protect an installment furniture house against loss by fire of any unpaid balances under the conditions named in the form, the amount of insurance being the amount of current unpaid balances on outstanding accounts.

\$....On their interest as shown by their accounts in merchandise consisting principally of household furniture, carpets, stoves and household furnishings sold by them under lease while contained in buildings situate anywhere in the county of..... State of.....

It is understood and agreed as follows:

That this policy shall not cover in any buildings in which the ground floor is occupied for mercantile purposes, nor in build-

ings occupied in whole or in part for motion picture or theatrical purposes, nor in public buildings, nor warehouses, nor in buildings used for manufacturing purposes, fairs or expositions.

That this Company shall not be liable for any loss of less than \$10, nor for more than \$750 under any one account, nor \$5,000 in any one building.

That the insured's interest is that of lessor under leases which provide that the lessees shall keep the leased property insured for the benefit of the lessor and if any lessee shall provide good and sufficient insurance to protect the lessor against all losses in accordance with the terms of said lease, this policy shall not apply, nor shall this policy be held as concurrent or contributing with any such insurance in whole or in part on any of the property described herein.

That if any lessee shall provide insurance which through error or otherwise shall not protect the lessor against all loss in accordance with the terms of said lease, or shall fail to provide any insurance, then this policy shall be in full force and effect for such deficiency and the insured agrees to subrogate his right of recovery in the case of any loss paid under this policy.

That for the purpose of applying the 90% reduced rate average clause the insured shall furnish this Company on demand with a complete list of all balances due on account to which this insurance applies.

(Attach R. R. A. and other clauses.)

GARAGE OWNER'S LEGAL LIABILITY FORM

\$....On the assured's legal liability for direct loss or damage by fire to or theft of automobiles, commercial cars, trucks, tractors, chassis or bodies, not owned by the assured, but the property of others, which are held by the assured for storage or repairs, as evidenced by the books, records or receipts of assured, providing the loss or damage occurs while the automobiles are contained in the premises occupied by the assured situate at.....and not elsewhere.

Provided that this company shall be liable hereunder for such damage by fire or theft only when such fire or theft results from the negligence of the assured and/or his employees for which damage the assured shall be held to be legally liable.

It is a condition of this contract that the insured shall not voluntarily assume liability for loss to any motor vehicle or other property insured hereunder.

This company shall not be liable hereunder for any loss by theft unless such theft is of an entire automobile, commercial car, truck, tractor, chassis or body covered hereunder.

This contract shall also cover legal expenses incurred by the

assured with the consent of this company in connection with the coverage granted hereunder, but in no case shall the company be liable for a greater amount than the sum insured under this policy.

Other insurance permitted.

The terms and conditions contained in this form supersede anything to the contrary printed in the policy to which this form is attached.

BUILDING AND LOAN ASSOCIATION FORM

(Mortgage Interest)

(*Uniformity West*)

\$....On the several properties on which the Building and Loan Association shall have substituting loans at the time when any of the said properties, during the term of this insurance, suffer loss or damage by tornado, cyclone or windstorm while located within the limits of.....and/or City and County of..... State of.....

This insurance being designed to cover only the mortgage interest of said Building & Loan Association in each of said properties: It is hereby made an express condition of this contract that no claim hereunder shall be made against this company for loss or damage by tornado, cyclone or windstorm until the loss or damage on any specific building has impaired the security of said Building & Loan Association to such an extent that the value of land as appraised at the time the loan was made and the remaining value of the building does not equal the balance due under the mortgage on the specific property, and then only for the difference between the value of the property remaining and the amount due on said property not exceeding \$....

In consideration of the rate and form of this policy, it is understood and agreed that the liability assumed by this Company hereunder shall be only such proportion of the actual loss or damage above specified, as the amount insured under this policy bears to 25% of the total amount of the outstanding loans of the insured within the territory described in this policy.

BUILDING AND LOAN ASSOCIATION

(Mortgage Interest Form)

\$50,000 on their mortgage interest in the various buildings forming a part of the security upon which the insured has made loans, the liability of this Company being limited as follows:

For loss arising through failure of the owner of property mortgaged to the insured to obtain fire insurance on the buildings situate on such property or the unintentional failure of the insured to obtain such fire insurance.

For not more than 20% of the amount of this policy in any one fire.

This policy is issued upon the following representations by the insured:

That it is the practice of the insured at the time of making mortgage to require the owner of property mortgaged to obtain and file with the insured fire insurance amounting to the face of the mortgage, or if that is greater than the value of the buildings then for the amount of such value.

That if such insurance expires and renewal has not been received by the insured it is the practice of the insured to itself obtain the necessary amount of fire insurance.

That the amount the insured now has outstanding on mortgage is approximately \$1,000,000.

It is understood and agreed that if the amount outstanding on mortgage at the time of any loss is more than \$1,100,000, then this policy shall not be liable for any greater proportion of such loss than the amount hereof bears to \$1,100,000. Also that in event of loss this Company shall be subrogated to all the rights of the mortgagee to the extent of the amount of the loss paid.

(Attach usual clauses.)

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